



CITY OF BIG RAPIDS, MICHIGAN

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2008

ADMINISTRATIVE OFFICES

226 NORTH MICHIGAN AVENUE

BIG RAPIDS, MICHIGAN 49307

CITY OF BIG RAPIDS, MICHIGAN

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2008

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CITY OF BIG RAPIDS

226 North Michigan Avenue
Big Rapids, MI 49307

October 20, 2008

Members of the City Commission and the Citizens of the City of Big Rapids:

The Comprehensive Annual Financial Report of the City of Big Rapids, Michigan, for fiscal year ended June 30, 2008, is submitted herewith. The financial statements included in this report have been audited by Vredevelde Haefner LLC, an independent firm of certified public accountants. This report is prepared for the purpose of disclosing the City's financial condition to its residents, elected officials, and other interested parties.

The financial statements have been prepared in compliance with applicable State statutes and Generally Accepted Accounting Principles (GAAP) as stated in the Governmental Accounting Standards Board statements and interpretations. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material aspects, and that it is presented in such a manner as to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its funds.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Big Rapids' MD&A can be found immediately following the report of the independent auditors.

Equal Opportunity Employer

City Manager	231-592-4020	City Treasurer	231-592-4002	Neighborhood Services	231-592-4035
Assessing	231-592-4030	DART	231-796-8675	Public Safety	231-527-0005
City Clerk	231-592-4000	Income Tax	231-592-4012	Public Works	231-592-4015
Water Plant	231-796-6231	Engineering	231-592-4018	Wastewater Plant	231-796-8483

REPORTING ENTITY AND ITS SERVICES

The City of Big Rapids is located 60 miles north of Grand Rapids, 45 miles south of Cadillac on U.S. 131, a four lane highway connecting Chicago to Traverse City via Kalamazoo. This route provides significant access and economic benefit to the area carrying commerce and much tourist traffic to vacation spots in northern Michigan and the Upper Peninsula. Big Rapids is the county seat of Mecosta County and is therefore the political center of the region. This position continues to produce economic benefit and advantage for the community.

Ferris State University – with its 1,350 employees and over 13,000 students (in the fall of 2008), is the regions largest employer and the driving force behind the economic, social and cultural forces in Mecosta County. Dr. David Eisler was inaugurated into the presidency of the University in 2003, and has produced the energy and dynamic progress at the institution. Enrollment is up 50 students in Big Rapids – and retention of upper-class students is at a record high 70% (which is well above the Michigan University average.). This impressive growth is being accomplished at the same time that entrance standards are being raised. SAT scores for admission are now at 20 – with this year's freshmen actually over a half point above that target. This increased academic excellence brings to Big Rapids a student more interested in a career and academic study – and one who already has a proven track record. The improving students are already evident to the community – and reflect very positively in the police statistics!

Ferris will celebrate its 125 anniversary in 2009. This event is planned with lots of anticipation. As the fastest growing public university in the State of Michigan, Ferris has much momentum and enthusiasm for this year. A new arts series began in 2008 which include an event for each and every day in February. The 'Festival of the Arts' will be expanded in this anniversary year. In the first event, the University donated a sculpture to the City which has become a permanent feature in the front of City Hall.

Another interesting dynamic seen this year is a change in student weekend activity. In the past large numbers of students went home on weekends. With the price of gasoline escalating and the student population more academically oriented, students are both staying in Big Rapids and looking for positive things to do. The athletic department is especially active in this area helping in the parks to repair playscape and complete other civic projects. This integration into Big Rapids life will be an asset to the community and a resource to create better quality of life for all!

The focus on campus last year was the remodeling and expansion of the IRC (Information Resource Center). This special appropriation was considered a major lobbying coup for the University as the higher education projects across Michigan were very few. Over \$8,500,000 was appropriated to fund this project. As construction for this project involved a temporary construction loss of over 100 prime parking spots on campus, the City and University worked together to find nearly 150 new (temporary) locations across the community.

Remaining on the drawing table for significant improvement is the construction of a new optometry building. At present, Ferris is the only University in Michigan offering a degree in optometry. A new structure in the West Campus area would be a needed addition to the prestige of this degreed program. The legislature has approved this addition – even in these exceptional times – and the project is waiting for the signature of the Governor. The University and

community alike have made this the top project in 2008 and have visited the state house on several missions to try to achieve success for the optometry project.

The City's legislative body is a five member Board of Commissioners that is elected by a vote of the public. The Mayor has a two year term while the four Commissioners serve four year terms. All elected members are limited to eight years in office. Ed Burch completed his tenure as mayor and was succeeded by Mark Warba. Mark is a local attorney and is proving to be an action oriented mayor who is very interested in forward movement on public service plans. Mark served many years on the Planning Commission before running for mayor in November. Tom Hogenson and Peg Brennan are presently serving in their last term and will 'retire' in 2009. Terry Harper was re-elected to a second term in 2007 and will complete her service in 2011. Lynn Anderson, a local bookstore owner, was newly elected in 2007. This group is a very well educated mix of business individuals and leaders. Big Rapids is very well served by their attention to detail and ability to plan for the future.

The administrative side of the Government changed dramatically with the retirement of Lorraine James, City Treasurer. Lorraine was replaced by Lynne Fields. Unfortunately, Lynne stayed only nine months and returned to school finance when family considerations forced her to make a difficult career decision. The City is presently in the final stages of selecting a new Treasurer. In the interim, Lorraine has returned to work and along with Assistant Treasurer, Jean Schneidt and Administrative Assistant, Carla Staffen, the Treasurer's Office will again complete and send an exemplary audit to GFOA.

Union negotiations produced the request that the City look at offering an early retirement option for folks having reached 50 years of age and served 25 years in government. This combination was approved – but led to a very different result than anticipated. Union folks generally remained with the City. Non-bargaining employees, however, took advantage of the offer and several key individuals retired. Department of Public Works Director Tim Vogel and City Assessor Joyceann Francis – both considered department heads departed. Tim's position was consolidated with the City Engineer position (Don Greiner) to save some funds while retaining existing leadership. This move prompted a reorganization of City Hall to promote and reassign existing staff to fill needed roles.

Joyceann's position has been filled with outside consultants at this point – because the position requires a Level 3 Assessor and the City does not have such a degree on staff. Also retiring at City Hall was Craig Colley, who coordinated the mapping and digital activity.

The remaining department staff remains talented, capable and experienced. They include

Jean Schneidt – Finance	Frank West – Public Safety
Don Greiner – Public Works	Mark Gifford – Neighborhood Services
Eric Williams – Attorney	Roberta Cline – Clerk
Tim Moslener – Technology	Gaylynn Rorabaugh – Library
Eric Williams - Attorney	

The City is led by the administrative branch as approved by the Commission. This leadership is guided by a series of citizen committee. Most important in this process, these committees represent a cross section of the residents who serve to recommend policy and make decisions and

guide progress. Planning Board, Park & Recreation Board, Tax Board of Review, and Income Tax Board comprise the most active of these public boards.

ECONOMIC CONDITIONS AND OUTLOOK

The State of Michigan continues to experience economic shortfalls which have created financial difficulty for all local governments. The State has cut local revenue sharing funds – to Big Rapids about \$200,000 annually. The City has responded over the past three years by examining each purchase and cutting expenses where ever possible. In addition, as employees have retired careful analysis is made to determine if the position activities can be consolidated with other employees. Four positions have been eliminated using this analysis (one in safety, one in service, one in administration and one in finance) in the past five years.

In addition the Commission has begun to look at service fees to determine if the charges are in line with the actual costs of providing the service. Several fees have been increased, including inspection of rentals and parking ticket fines. Together these efforts have resulted in ‘recovery’ of nearly ¾’s of the cuts.

As economic downturn has deepened, property values across the state have been affected. This change finally reached Big Rapids in 2008. While university growth has seemed to help the residential market, downtown experienced an 8% drop in value. This was particularly troubling as a recently enacted TIF was expected to help fund a downtown revitalization effort. There will be no TIF funds to collect in 2009, due to this drop in values. The Vibrant Small Cities Initiative (VSCI) program and some individual renovations are expected to keep this from happening again in 2010, but significant TIF income is likely several years away.

The City Commission has taken the position for many years that property tax increases are not an option. The residents of the community already contribute a ‘reasonably fair’ property tax for community services and increases above an area average would be counter-productive to economic health. With Ferris State University within the community, Big Rapids has the unique position of having 40%+ of its real estate exempt from property taxes. Property taxes are therefore considered a rather disproportionate method of producing revenue. For over 10 years the Big Rapids Commission has held the line on voted taxes. Only increases for capital construction projects have been enacted after a vote of the people. The public has been extremely supportive in their votes for the passage of such community needs.

With finances a challenge, the City has turned to grant opportunities as a primary to keep governmental functions operating at a high level. Big Rapids has been inordinately successful in this venture. Cindy Plautz, Liz West, and Nancy Haight have been key players in putting grants together.

The main focus this year was the Vibrant Small Cities Initiative. This program matches \$1,000,000 in CDBG funds with \$1,000,000 City dollars to improve downtown. Façade improvements, wayfinding signs, streetscape, and improvements to Art Works comprise this initiative. The City has worked very hard on the planning and engineering efforts this year – with construction to follow next summer. LED lights, new benches and picnic areas will highlight the streetscape. Art Works will get a facelift and will be a more attractive destination

for shoppers. Eleven stores will be the beneficiary of façade improvements – and new signs will direct motorists to the district. An additional \$635,138 from MDOT is in the offing to further assist in the street improvements.

As the Wastewater plant upgrade is scheduled to cost around \$9,500,000, other sources of funding is being solicited. Recent efforts have qualified the City for 100% funding of engineering design costs – approximately \$750,000. Low interest loans are also available from the State which is being pursued. Cooperation with the Townships has been a help. Despite this work the project has experienced some delays due to its sheer size and complexity. Funding assistance is still being pursued. The plant has continued to age – and has experienced several fecal violations this past year. The pressure is being applied to the City to move forward despite continuing financial fears. A decision is expected to proceed – with construction to begin in the spring.

Police and fire grants have also been plentiful sponsoring events, purchasing vehicles, and coordinating anti-drug and alcohol enforcement. Together another \$100,000 has been received from these sources. The City's aerial ladder is 30 years old and begun to experience excessive maintenance costs. The USDA was approached for assistance and has approved a \$100,000 grant and \$700,000 loan to make this purchase. The University has promised to contribute.

Downtown development has been a major focus in the past year. A farmer's market has been started on the City parking lot which has bloomed into an energy creating financial success. Across the street a concert has been planned for each Friday which has been attended by an average of 30 folks. The new Blue Cow (upscale restaurant) and Pepper's Deli have been provided additional services and made Friday a very busy day indeed. Merchants report as much as 3 fold increase in sales as part of this activity.

The Roben Hood Airport has become a focus of activity in 2008. Many would never believe that a small airport could become a financial success. Yet for two months during the summer the airport broke even in financial matters. This remarkable feat was the result of the construction of new T-Hangers, the location of Aero-Med at the airport, and the sale of Jet-A fuel. An aviation easement was negotiated with Big Rapids Township which clears the way for the extension of the runway from 4300 to 5000 feet. A community hanger is looming in the future to house small jets and continue this fairy tale story.

The Mecosta County Medical Center changed its name (from Hospital) to reflect its great circle of services and the completion of the OR-ER upgrade. With these first class facilities a national accreditation agency named the Center one of the top 100 hospitals in the Country. Next on the agenda for the hospital is a woman's cancer center. Plans are being drawn and active fund raising continues.

Incredibly, in the midst of economic challenge – Big Rapids industries have seemed to be an exception to the rule. Big Rapids Products landed a major contract for auto parts for a French based company and expanded their operation adding both a new stamping press and square footage to their building. Mark IV has quietly added new employees and then sold to Fluid Routing Systems (FRS). FRS moved several employees from a sister plant in Detroit – and then added a Research and Development wing in the old Benedict building. Wolverine Worldwide which has languished for several years in the shoe market indicated within the last month that

they are moving a part of their Rockford, Michigan operations to Big Rapids – and Simonds (knife) is making a similar consolidation from Florence, South Carolina. Haworth continues to grow wood plant operations. While in-town industries expanded in 2008, the Mecosta County Business Park near the airport also added two new small industries and completed the water and sewer utilities servicing the park. Only a layoff of about 38 folks at Federal Screw was bad news this year.

Recreation took a jump forward with a full time employee – Jill Buse this year. She has energized the community and challenged everyone to become more fit. Biggest loser program in both the Safety Division and City Hall resulted in overall losses exceeding 200 pounds. Two grant projects have been funded by DNR including an expansion of the Riverwalk system and the purchase of 50 acres along Mitchell Creek for a nature preserve. Much of the funding will come from the State – but many local charities have lined up to help with these purchases as well.

With great anticipation we look to the future. Big Rapids, while not entirely escaping the Michigan downturn – and record 9% unemployment – continues to see positive progress. With measured spending, aggressive pursuit of non-traditional funding and hard work we are becoming an oasis and a model for central Michigan.

CASH AND INVESTMENT MANAGEMENT

Each fund within the City has its cash that is needed for daily operations, invested in the City depository and investment pool or in separate depository and investment accounts. Cash temporarily idle during the year may be invested in bank certificates of deposit, commercial paper, bank money market accounts, as well as U.S. Government securities as permitted by the State of Michigan statutes and the City's Cash and Investment Policy. Balances in the Act 345 pension fund can be invested in additional types of securities including equities as allowed by State of Michigan statutes.

RISK MANAGEMENT

The City manages its risk exposures through a combination of self-insurance programs, risk management pools, and commercial insurance and excess coverage policies.

For coverage concerning property, general liability, automobile liability, motor vehicle physical damage, and property damage, the City participates in the Michigan Municipal Liability and Property Pool. Unemployment claims are reimbursed to the Michigan Employment Security Commission. The City is self-insured for employee health, dental, and vision insurance. Excess insurance coverage purchased by the City covers individual claims and an aggregate claim amount which are set annually.

PENSION BENEFITS

The City provides employees in the various bargaining and non-bargaining unit pension benefits through either defined benefit or defined contribution pension plans. Benefits and employee and employer contributions vary depending on employee elections, position and bargaining unit. A deferred compensation plan is also available to the various employee groups.

MAJOR INITIATIVES

The City of Big Rapids Commission has begun several initiatives to enhance the quality of life and maximize the effectiveness of government in the City. The following is a listing and description of the major projects and goals:

1. Robin Hood Airport

The Federally favored airport gets \$150,000 per year in funding to maintain and upgrade the facility. These funds accumulate from year to year until they are spent. Last year T-Hangers were built which moved private planes near the new terminal building. This move provided a safer location for the planes and more income for the airport. This year the city and township came to an agreement on the aviation easement for the potential runway expansion to 5000 feet. This agreement sets the stage for a new corporate hanger for small jets and helicopters. Aero Med has located at the airport, and with the expansion of the hangers – may well let the airport operate in the future without a subsidy from the general fund!!

2. WWTP

The City Commission hired Prein and Newhof to design a renovated Wastewater plant. The preliminary costs are estimated at \$9,500,000.00. Many tanks at the plant are aging and in need of complete rebuilding. New aeration facilities, electrical and computer systems, settling tanks and office space is needed. The plant upgrade design has been completed at a cost of \$750,000. Bids are anticipated in the fall with construction coming in 2009-11.

3. Baldwin Street Bridge

The Baldwin Street Bridge over the Muskegon River is slated for replacement according to MDOT inspections. The replacement costs for engineering (\$300,000) are to be paid by the City as is approximately \$160,000 of the \$3,000,000 cost of the bridge itself.

4. Library

Mayor Mark Warba has assigned this project to a citizen committee to answer three questions. Do we need a library? Where should the library be located? How should the library be funded? The committee is to report these questions in January 2009. At this writing a District library apart from the City seems to be the alternative preferred.

5. Low interest loan

The USDA has awarded the City \$300,000 to be matched by \$80,000 from the community to make low interest loans to businesses interested in expansion – but lacking the capital to do so. Most of the \$80,000 has been committed. It is hoped that this program will begin making loans early in 2009.

6. Riverwalk

The City has been encouraged to submit additional DNR grants for an extension of the present Riverwalk system along the Muskegon south toward the Hospital and River Street Park. This project has received the approval of the DNR and is awaiting signature by the Governor for the distribution of funds. The next step is to complete engineering design for this project for a construction effort to take place in the summer of 2009.

7. Technology

The City continues to join the 21 Century – with initiatives for wireless connection of all office sites in the City, and in reporting programs for police – being shared with the County and Ferris Police. We are also in the foreground of technology with aerial digital mapping of the community. We continue to fund and add ‘layers’ to the mapping to help with utility locations and other planning and engineering.

8. Planning

By 2009, the City needs to have rewritten its community Masterplan. This helps obtain grants and to chart the direction of the City. This is a major undertaking as it involves many meetings including citizen forums. Most of these citizen meetings have been completed. A citizen survey using students from the planning classes at Ferris State University will be completed this winter which will aid the writing of this report. A completed document is anticipated in the spring.

9. DART

With the improvements at the airport the present dispatch office of the DART system will improve. An addition is planned, funded by MDOT which will improve both the dispatch offices and create a garage for inside parking of the busses.

10. Pedestrian Crossover

State Street at the Crossroads Charter Academy has a pedestrian overpass over the four lane highway. This aging structure is owned jointly by the City and school. An estimate of \$125,000 has been made to repair this structure. An MDOT enhancement grant will be written to help fund this project. Target improvements need to come after the Baldwin Street Bridge project around 2012.

11. Voting

The State implemented new voting machines in 2006. The City has completed the training and use of these new devices. The next (under consideration) move is to streamline the voting poll locations, making all locations handicapped accessible and reducing the overall number of polling places.

12. Pave Streets and Alleys.

The regular paving program is looked to for additional improvements in transportation.

13. Downtown

The City completed a major analysis of the Community with consultant Hyett/Palma in 2006. There are many initiatives that are recommended including new streetscaping, wayfaring signage, village green, façade improvements, and downtown financing – to name a few. The City was funded by a Vibrant Small City Initiative in 2008. This CDBG program will assist downtown with \$1,000,000 to be matched by the City. An additional \$635,000 is being sought from MDOT to help with the streets. This very unique project is underway. Planning this effort has been a monumental effort. Construction will begin next year.

14. Good Neighbors.

Increasing emphasis is taking place from this citizen group. They currently reward well done landscaping/housing improvements, support the polycart initiative, plan earth day pickups, and

encourage recycling. New initiatives may include a pickup the neighborhood, screen dumpsters, clean downtown/parks, and housing standards.

15. Depot

The Chamber of Commerce, MCDC and Visitor's Bureau are presently located in cramped quarters on State Street. The building was constructed by the chamber many years ago on City lands. The State of Michigan has agreed to lease the old historical depot to the City as the future home of these organizations. An historical structures review of this building is being written at this time. This will become the basis of grant applications that will assist in the upgrade.

16. DNR Properties

In researching the State owned properties for the Depot initiative, several properties have been noted as 'surplus' by the state including some on Fourth Avenue, some adjacent to the North End Riverside Park and some next to the potential new park preserve site. As the state has a new program to utilize surplus lands, the City has initiated paperwork to obtain all these properties.

17. Park Preserve

A unique piece of ground has become available which includes much of the Mitchell Creek basin. This ground starts at the swimming pool and continues beyond the City limits – including 50 acres. The land is mostly flood plain and not conducive to active sports use. This land has been funded by the DNR and awaits the governor's letter of approval. The Ice Mountain fund and the Mecosta Foundation are supporting this purchase with a gift of \$30,000.



DEPARTMENTAL FOCUS

ROBEN HOOD AIRPORT
MANAGED BY COLT AVIATION INC.
Pilots flying the skies to service the community

Colt Aviation, Inc. is the contract holder for the management responsibilities of Roben Hood Airport. The airport manager, Mike Lafferty, is also the president of Colt and employs the help of five part-time assistants to aid in the day-to-day operations of the airport.

The assistant manager is Susan Remar who performs many duties and acts as the accountant and office manager. Additionally, Susan is a licensed private pilot and is very committed to aviation. She is the airport event organizer, planning at least three public events each year. The hallmark event, AirFest has grown each year and now includes a large, well attended pancake breakfast, a carry away lunch menu, antique car show, airplane, biplane, and helicopter rides, and entertainment for the children.

The grounds keeper is John Berrovoets. His duties include caring for the lawn and general maintenance. Airport staff has had many compliments on John's work and are happy that John enjoys doing such a fine job.

Dave Bordano has been working for aircraft owners at Roben Hood and other nearby airports. He continues to do certified aircraft maintenance and inspection. Dave's tenure at Roben Hood spans 28 years.

Also employed are two part-time flight instructors. Arden Cousineau and Aaron Burkhard serve the needs of students desirous of learning to fly. Ultimately, the student who becomes a licensed pilot often will become a regular customer of the airport where he or she learned to fly. Currently, there are six students flying and eight more in the ground school, learning the principles and regulations of flight.

The radio-controlled model airplane fun-fly enjoyed a second year success with many local pilots and residents enjoying an all-day event.

Each year, for the past eight years, Roben Hood Airport has participated with Eagle Village in Hersey, for "Operation Good Cheer". This is a charity event that pilots volunteer their airplane and piloting skills to deliver Christmas gifts to disadvantaged children of the area. This year, there were six local pilots who participated. There were 19 aircraft that delivered gifts to the children.

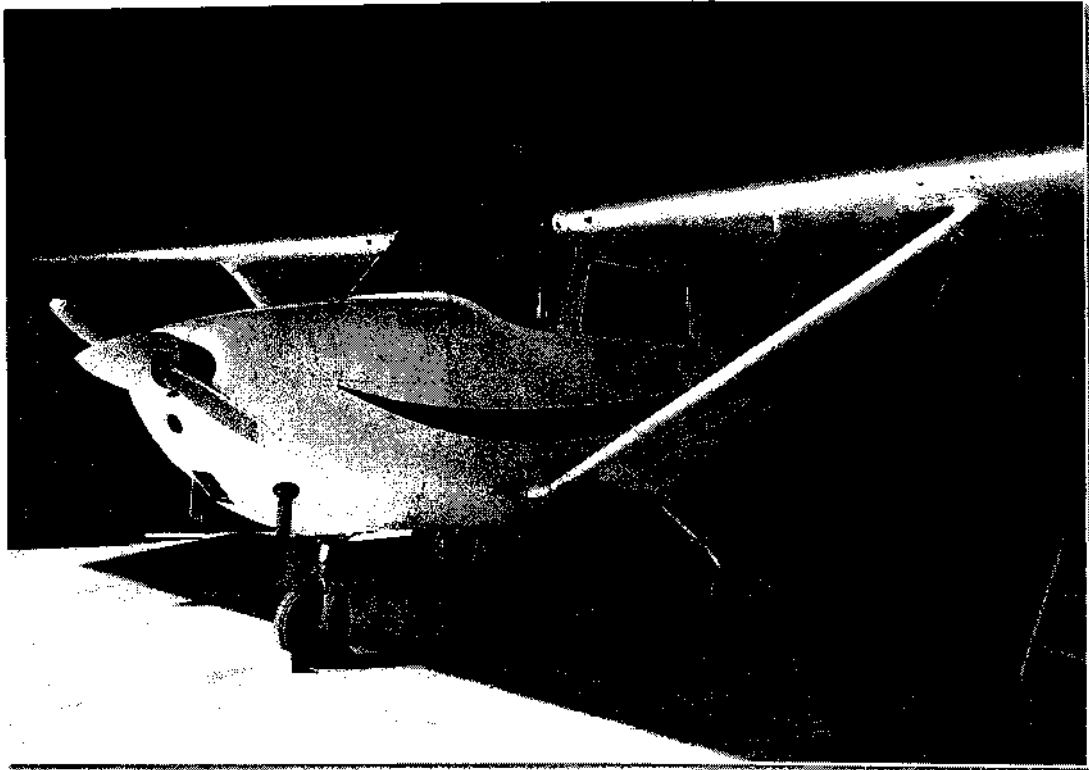


Susan Remar, Assistant Airport Manager
Mike Lafferty, Airport Manager

During the tenure of the Colt contract, there have been many changes to the airport and airport procedures. These changes have greatly increased the utilization of Roben Hood.

In November of 2006, self-service jet fuel was made available to those aircraft that use it. Owing to the unique geographical location, in the main corridor of many helicopter flights, the airport and staff have been able to attract a growing number of helicopter operators. The self-serve function is especially attractive to medical helicopters, since they often fly at night, when the airport is closed. The location has also been a deciding factor for many jets and turboprop airplanes to stop at Big Rapids to obtain fuel when they can make use of competitive prices. Fuel revenues rose 43% over the same period in 2007 reflected in an increase of 37% in gallons.

In addition to aircraft fuel, Colt Inc., in conjunction with the City of Big Rapids, offers rental of hangar space. This year, two new hangar buildings were built. One is a private hangar that is owned by Dr. Robert Donnell. The second is a multiple hangar called a "tee" hangar that will house ten aircraft. That hangar was built with shared funding of 90% Federal, 7.5% State of Michigan, and 2.5% local. The tee hangar is currently being completed with asphalt paving of taxiways and drives. It will house local pilots who are currently using the old terminal/hangar on Northland Drive. The facility will be abandoned for airport use when the new tee hangars are activated.



Also funded and installed at the same time as the asphalt taxiways was the tie-in of the terminal sewer system to the Big Rapids Township sewer line at the street. This project was anticipated and much appreciated, as it removed the necessity of monthly pumping the holding tank.

Revenue is generated when landing fees are charged to the commercial fliers and tie-down fees charged for long-term visitors. Revenue from those sources is currently 60% ahead of the same time for the previous year.

As a service to incoming pilots, the airport offers the use of a courtesy car. This is a free service that is provided by Colt and the City of Big Rapids. It is greatly appreciated by the incoming pilots and is a considerable factor in their decision to come to Big Rapids. The use of the courtesy car also serves as a good barometer of the usefulness of the airport. Each year for the previous five years, its use has increased. Currently, its use is 13% ahead of the same time last year.

With the addition of Aero Med helicopter service at Roben Hood, the commercial viability and utility of the airport has increased considerably. The Big Rapids service was implemented as a satellite operation of their main office in Grand Rapids, Michigan. Owing to the large number of rural, northern clients served by this Spectrum subsidiary, the decision to place a helicopter in Big Rapids is proving to decrease the response time and life-saving service to a larger percentage of their service area. The Aero Med operation requires fuel, office facilities, weather service, and hangar space.

Presently, plans call for construction of a Municipal hangar large enough to house Aero Med operations, a local executive's turboprop aircraft and an additional corporate aircraft. The facility is expected to generate a positive revenue stream to enhance the growth of Roben Hood Airport. Included in the project will be additional aircraft ramp space and service areas for auto parking and maintenance.



CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (Certificate of Achievement) to the City of Big Rapids for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2007. This was the 23rd consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR), whose contents conform to program standards. This report must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

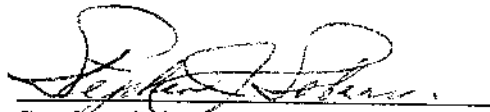
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for a certificate.

ACKNOWLEDGMENT

It is very appropriate that appreciation be expressed for the efficient and dedicated services of the City's Department of Finance. The maintenance of the daily financial reports, all investments, and the preparation of this comprehensive report were the supervisory responsibilities of Assistant City Treasurer, Jean Schneidt. She has been ably assisted by other finance/management area personnel, which include Carla Staffen, Heidi Horan, Paul Cole, Barbara Obert, Paula Weipert, and retired City Treasurer, Lorraine James. Cheryl Colley contributed all photos. Big Rapids Printing, Big Rapids, Michigan was responsible for the reproduction of the artwork, covers and inserts. Mike Lafferty, the Airport Manager of Roben-Hood Airport, authored the Departmental Focus.

Excellent working relationships were established and maintained between the auditors and the municipal staff in the preparation of this annual financial report.

Respectfully submitted,



Stephen Sobers
City Manager



Jean Schneidt
Assistant City Treasurer

**STATEMENT OF MANAGEMENT'S
RESPONSIBILITY FOR FINANCIAL STATEMENTS**

Responsibility for the integrity of the financial data presented rests with the City. We believe the data to be accurate in all material aspects. These financial statements are prepared in accordance with Generally Accepted Accounting Principles applicable to city government and State Statutes.

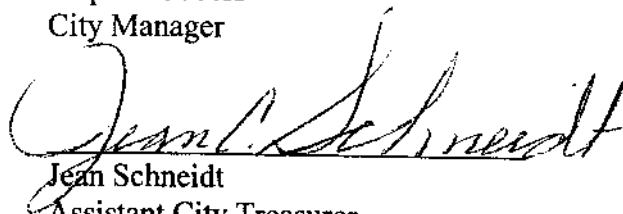
Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

Vredeveld Haefner LLC, independent certified public accountants, has audited the accompanying financial statements, and the supplemental financial information has been subjected to the auditing procedures applied in their audit, Vredeveld Haefner's report is included in the financial section of this report.

Respectfully submitted,



Stephen Sobers
City Manager



Jean Schneidt
Assistant City Treasurer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Big Rapids
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Charles S. Cox

President

Jeffrey R. Emer

Executive Director

Mark J. Warba
Mayor



As I near the end of my first year as Mayor, I continue to be impressed by the accomplishments that have taken place in the past, and I am encouraged by what I see ahead of us, including our ability to meet the challenges along the way.

We have a great downtown that will only get better as we embark upon implementing the Vibrant Small Cities Grant money. Being home to Ferris State University, we have numerous entertainment and educational opportunities, both on campus and throughout the community. Parks and recreational opportunities abound as well.

We also face a number of challenges, including improvements to the wastewater treatment plant, finding ways to sustain our library, and responding to what our community expects by way of necessary public services when declining revenue and competition for limited resources continue.

Still, and as we have done in the past, we'll meet those challenges together with the help of everyone involved.

Finally, I'd like to extend a special thank-you to the City Treasurer's office and the excellent staff that have allowed City operations to continue while we look ahead to hiring a new Treasurer. They are one example of the dedicated men and women who serve the City and its residents so well, and they are important keys to what makes Big Rapids such a great place to live, work, and to raise a family.

As others review the audit report, I'd ask that they not only continue to support our community, but that they also express their gratitude for the work that has been done to date, and for our willingness and ability to meet the challenges that lie ahead of us.

Tom Hogenson
Mayor Pro Tem



"Big Rapids" is a vital, energetic community. Sound fiscal management is essential to our ability to adapt to a changing world, including changes that we as citizens bring about for the benefit of all. Strong budgeting and resource management skills must go hand-in-hand with a clear, creative vision and bold strategic planning if we are to be successful in years to come.

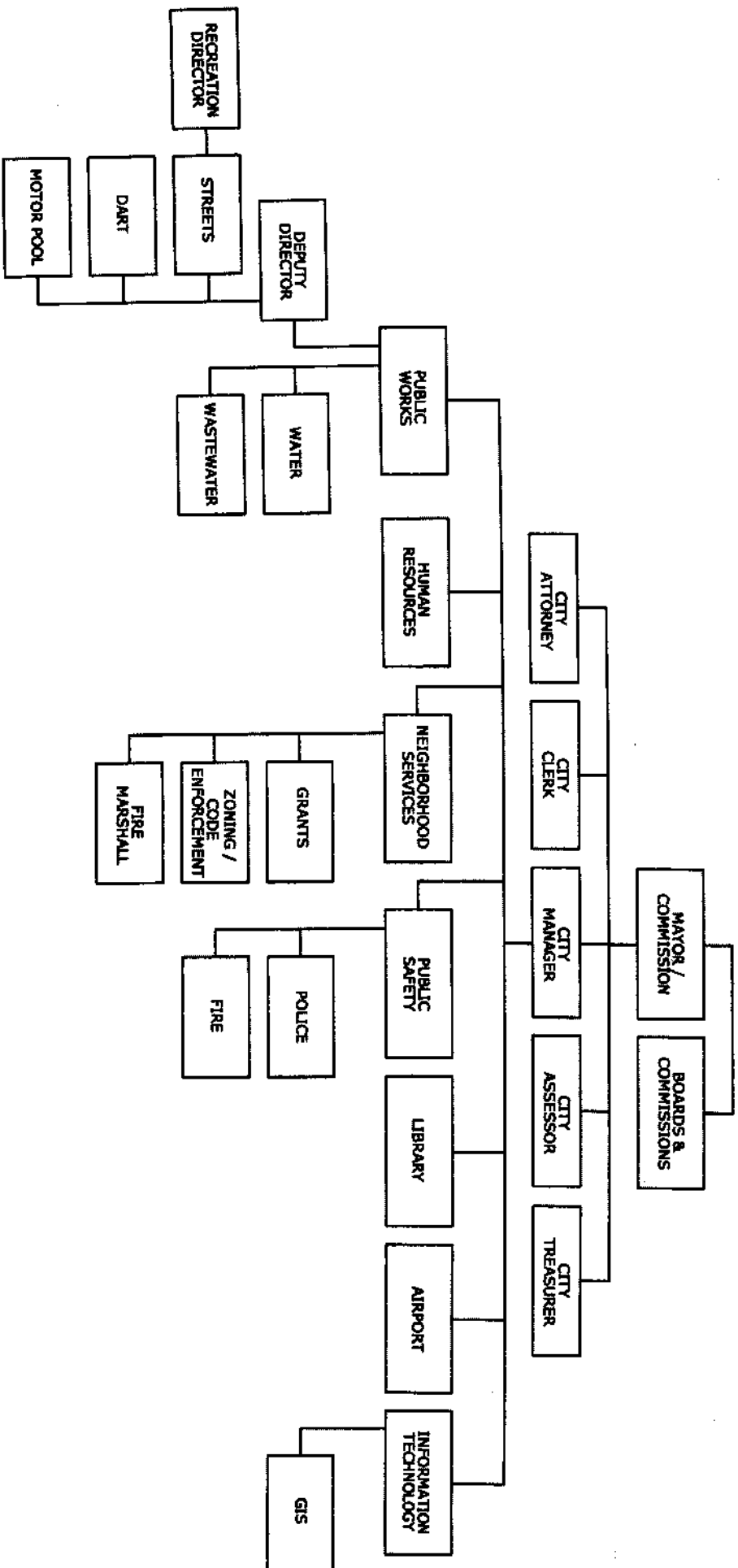
As Mayor Pro-Tem, and after seven years' service as a Commission, I can report improvements in all of these areas, thanks to the diligence of our appointed and elected officials and staff. With many interesting projects demanding a careful balance of scarce resources, it is incumbent on all of us to weigh each financial decision carefully and knowledgeably. Moving forward with a new City Treasurer in 2008 will provide added insight and further opportunity to enhance fiscal services.

CITY OF BIG RAPIDS, MICHIGAN

CITY OFFICIALS

City Commission	_____	Mark Warba
	_____	Tom Hogenson
	_____	Lynn Anderson
	_____	Peggy Brennan
	_____	Therese Harper
City Manager	_____	Stephen Sobers
City Attorney	_____	Eric D. Williams
City Clerk	_____	Roberta L. Cline
Assistant City Treasurer	_____	Jean C. Schneidt
Income Tax Administrator	_____	Paul B. Cole
Information Technology Manager	_____	Timothy Moslener
Library Director	_____	Gaylynn Rorabaugh
Neighborhood Services Director	_____	Mark Gifford
Transportation Supervisor	_____	Dawn Fuller
Public Safety Director	_____	Frank West
Public Works Director	_____	Donald Greiner

ORGANIZATIONAL CHART





Vredeveld Haefner LLC

CPA's and Consultants

4001 Granada Ct.

Grand Rapids, MI 49534

FAX (616) 828-0307

Douglas J. Vredeveld, CPA

(616) 446-7474

Peter S. Haefner, CPA

(616) 460-9388

INDEPENDENT AUDITORS' REPORT

October 20, 2008

Honorable Mayor and Members of the City Commission
City of Big Rapids, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Big Rapids, Michigan, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Big Rapids, Michigan. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information for the City of Big Rapids, Michigan, as of June 30, 2008, and the respective changes in financial position and, where applicable, cash flows, thereof and the budgetary comparison for the general fund and each major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 25-30 and the required supplementary information are not a required part of the basic financial statements but are supplementary information required by accounting principals generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Big Rapids' basic financial statements. The introductory section, combining and individual fund financial statements and schedules, statistical tables and continuing disclosure filing are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section, statistical tables and continuing disclosure filing have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Vredeveld Haefner LLC

Management's Discussion and Analysis

As management of the City of Big Rapids (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2008.

Financial Highlights

The financial statements, which follow this Management's Discussion and Analysis, provide these significant key financial highlights for the 2008 fiscal year as follows:

- Grant funding for Vibrant Small Cities Initiative was obtained. This program matches \$1,000,000 in CDBG funds with \$1,000,000 City dollars to improve the downtown. Planning and engineering efforts started this year with construction to follow next summer.
- Grant funding was acquired for five digital in-car police recording systems. Funding was also obtained for the purchase of an exhaust system at the Public Safety Fire Department garage.
- Aero Med helicopter service at Roben Hood was added. The Big Rapids service was implemented as a satellite operation of their main office in Grand Rapids, Michigan. The Aero Med operation requires fuel, office facilities, weather service, and hangar space.
- During FY 2007/08, reconstruction work along East Maple Street from Third Avenue to Bronson Avenue was complete; the work consisted of reconstruction of new sidewalk, road surface, curb and gutter, storm sewer, water and sewer, and signage.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) Government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements The Government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected revenues and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, and culture and recreation. The business-type activities of the City include wastewater, water, sanitation and transportation operations.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate Downtown Development Authority (DDA) and the Brownfield Redevelopment Authority for which the City is financially accountable. The current year was the second year of operations of the Brownfield Redevelopment Authority. Information for these component units are reported separately from the financial information presented for the primary government itself.

Fund financial statements A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, major streets, and drug law enforcement fund which are considered major funds. Data is combined into a single aggregated presentation for the other governmental funds (non-major governmental funds). Individual fund data for each of the non-major governmental funds is provided in the form of combining statements and schedules.

The City adopts an annual appropriated budget for its general fund and all special revenue funds as required by state law. Budgetary comparison statements have been provided for the major funds to demonstrate legal compliance.

Proprietary funds The City maintains four separate enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its wastewater, water, and sanitation activity, as well as nonmajor enterprise operations. Internal service funds are accounting devices used to accumulate and allocate costs internally among the City's various functions. The City utilizes internal service funds to account for its motor pool, DPW services, and self insurance services. Because these services primarily benefit the City's governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the wastewater, water, and sanitation operations, which are considered to be major funds of the City. Conversely, nonmajor enterprise funds and internal service funds are combined into single, aggregate presentations in the proprietary fund financial statements.

Fiduciary funds Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resource of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This is limited to this discussion and analysis and required pension information. Supplemental information follows the required pension information and includes combining and individual fund statements and schedules.

Government-wide Financial Analysis

Statement of Net Assets As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. In the case of the City, assets exceeded liabilities by \$30,261,360 at the close of the most recent fiscal year. The following chart illustrates the composition of net assets.

City of Big Rapids Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2008	2007	2008	2007	2008	2007
Assets						
Current and other assets	\$5,598,344	\$5,305,251	\$3,939,886	\$3,686,411	\$9,538,230	\$8,991,662
Capital assets	14,146,908	13,586,016	15,840,806	16,441,660	29,987,714	30,027,676
Total assets	19,745,252	18,891,267	19,780,692	20,128,071	39,525,944	39,019,338
Liabilities						
Current liabilities	1,179,959	1,161,615	277,932	437,972	1,457,891	1,599,587
Long-term liabilities	4,175,956	4,363,904	3,630,737	3,967,727	7,806,693	8,331,631
Total liabilities	5,355,915	5,525,519	3,908,669	4,405,699	9,264,584	9,931,218
Net assets						
Invested in capital assets, net of related debt	10,236,908	9,516,016	12,210,069	12,473,933	22,446,977	21,989,949
Restricted	1,147,481	1,369,148	148,618	164,015	1,296,099	1,533,163
Unrestricted	3,004,948	2,480,584	3,513,336	3,084,424	6,518,284	5,565,008
Total net assets	\$14,389,337	\$13,365,748	\$15,872,023	\$15,722,372	\$30,261,360	\$29,088,120

By far the largest portion of the City's net assets in the amount of 74% reflects its investment in capital assets (e.g., land, buildings, machinery and equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets in the amount of 4% represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets in the amount of \$6,518,284, or 22%, may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, for the government as a whole, governmental activities, and the business-type activities.

Statement of Activities The City's total revenue for the fiscal year ended June 30, 2008, was \$14,551,387 while total cost of all programs and services was \$13,378,147. This results in an increase in net asset of \$1,173,240. The following table presents a summary of the changes in net assets for the years ended June 30.

City of Big Rapids Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2008	2007	2008	2007	2008	2007
Revenues						
Program revenues						
Charges for services	\$987,603	\$876,974	\$4,584,561	\$4,553,017	\$5,572,164	\$5,429,991
Operating grants and contributions	1,331,891	1,424,240	283,359	212,354	1,615,250	1,636,594
Capital grants and contributions	811,650	514,493	46,278	657,371	857,928	1,171,864
General revenues						
Property taxes	2,869,308	2,753,776	-	-	2,869,308	2,753,776
Income taxes	1,795,339	1,744,354	-	-	1,795,339	1,744,354
State shared revenues	1,437,807	1,437,437	-	-	1,437,807	1,437,437
Investment earnings	211,668	180,809	161,748	147,199	373,416	328,008
Other	23,749	29,757	6,426	20,280	30,175	50,037
Total revenues	9,469,015	8,961,840	5,082,372	5,590,221	14,551,387	14,552,061
Expenses						
General government	2,236,764	2,067,674	-	-	2,236,764	2,067,674
Public safety	3,437,920	3,343,364	-	-	3,437,920	3,343,364
Public works	1,790,439	1,468,931	-	-	1,790,439	1,468,931
Culture and recreation	1,106,715	1,123,690	-	-	1,106,715	1,123,690
Interest on long-term debt	172,388	178,477	-	-	172,388	178,477
Wastewater	-	-	1,567,535	1,589,367	1,567,535	1,589,367
Water	-	-	1,834,589	1,676,767	1,834,589	1,676,767
Transportation	-	-	447,249	441,745	447,249	441,745
Sanitation	-	-	784,548	712,632	784,548	712,632
Total expenses	8,744,226	8,182,136	4,633,921	4,420,511	13,378,147	12,602,647
Increase (decrease) before transfers	724,789	779,704	448,451	1,169,710	1,173,240	1,949,414
Transfers in (out)	298,800	293,700	(298,800)	(293,700)	-	-
Increase (decrease) in net assets	1,023,589	1,073,404	149,651	876,010	1,173,240	1,949,414
Net assets – beginning	13,365,748	12,292,344	15,722,372	14,846,362	29,088,120	27,138,706
Net assets – ending	\$14,389,337	\$13,365,748	\$15,872,023	\$15,722,372	\$30,261,360	\$29,088,120

Governmental Activities The preceding table shows that the governmental activities increased the City's net assets by \$1,023,589 during this fiscal year, accounting for approximately 87% of the total increase in net assets. This increase is primarily the result of additions to capital assets exceeding depreciation expense.

Business-type Activities Business-type activities increased the City's net assets by \$149,651, or approximately 13% of the total increase in the City's net assets.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a City's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,554,821 an increase of \$134,063 from the prior year.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, reserves of \$110,581 were outstanding for long-term assets, designations by the board for future activity were \$251,444 leaving unreserved and undesignated fund balance of \$1,307,523. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 19% of total general fund expenditures.

Proprietary funds The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The City of Big Rapids' enterprise operations consist of four separate and distinct activities. The wastewater, water, sanitation and transportation funds provide service to most residents and businesses of the City. The water and transportation funds experienced declines in net assets of \$246,948 and \$55,827 respectively while the wastewater and sanitation funds increased net assets by \$416,075 and \$36,351 respectively.

Budgetary Highlights

General fund budgeted revenue increased due to income tax, federal grants, charges for services and interest income exceeding initial expectations. The transfers out budget increased to match grant monies for the Vibrant Cities Grant and the police department budget increased slightly due to available staff and staffing levels.

Major streets fund budgeted revenue and expenditures increased due to construction grant funds received from the Michigan Department of Treasury and additional trunkline maintenance.

Capital Asset and Debt Administration

Capital assets The City's investment in capital assets for its governmental and business-type activities as of June 30, 2008, amounted to \$29,987,714 (net of accumulated depreciation). Of this amount, \$14,146,908 was for its governmental type activities and \$15,840,806 was for its business-type activities. This investment in capital assets includes land, buildings, equipment and vehicles, and infrastructure.

Additional information on the City's capital assets can be found in note 6 to these financial statements.

Long-term debt At the end of the current fiscal year, the City had total long-term debt including compensated absences outstanding of \$7,806,693. Of this amount, \$4,175,956 was for governmental activities while \$3,630,737 was for business type activities.

The City's total long-term debt decreased by \$511,015 during the current fiscal year.

The City debt limit, as defined by statute, is ten percent (10%) of state equalized property values, which currently equals \$19,061,930. Total City's long-term debt subject to this limit is \$3,835,000.

Additional information on the City's long-term debt can be found in note 8 to these financial statements.

Economic Factors and Next Year's Budgets and Rates

The following economic factors were considered in preparing the City's budget for the 2009 fiscal year:

- Consistency of state shared revenues always a concern
- Possible decline of city income tax
- Millage rates based on property values
- Continuation of grants

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Treasurer, City of Big Rapids, 226 N. Michigan Ave., Big Rapids, MI 49307.

CITY OF BIG RAPIDS
STATEMENT OF NET ASSETS
JUNE 30, 2008

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority	Brownfield Redevelopment Authority
Assets					
Cash and pooled investments	\$ 4,039,233	\$ 2,736,943	\$ 6,776,176	\$ 45,982	\$ 2,067
Accounts receivable	439,009	462,175	901,184	-	-
Special assessments receivable	40,998	-	40,998	-	-
Loans receivable	-	-	-	88,831	-
Prepaid and other assets	186,798	165,798	352,596	-	-
Due from other governments	635,209	31,353	666,562	-	-
Inventory	115,618	30,000	145,618	-	-
Property held for sale	70,581	-	70,581	-	-
Internal balances	30,898	(30,898)	-	-	-
Advance to agency fund	40,000	-	40,000	-	-
Restricted assets					
Cash and pooled investments	-	544,515	544,515	-	-
Capital assets					
Land	4,769,350	374,821	5,144,171	-	-
Construction in progress	-	658,580	658,580	-	-
Depreciable capital assets, net	9,377,558	14,807,405	24,184,963	-	-
Total assets	19,745,252	19,780,692	39,525,944	134,813	2,067
Liabilities					
Accounts payable	166,913	133,517	300,430	-	-
Accrued liabilities	663,924	120,340	784,264	-	-
Due to other governments	255,140	-	255,140	-	-
Customer deposits	-	24,075	24,075	-	-
Unearned revenue	93,982	-	93,982	-	-
Noncurrent liabilities					
Compensated absences	265,956	-	265,956	-	-
Discount on bonds	-	35,737	35,737	-	-
Due within one year	180,000	355,000	535,000	-	-
Due in more than one year	3,730,000	3,240,000	6,970,000	-	-
Total liabilities	5,355,915	3,908,669	9,264,584	-	-
Net assets					
Invested in capital assets, net of related debt	10,236,908	12,210,069	22,446,977	-	-
Restricted for					
Major streets	263,967	-	263,967	-	-
Local streets	-	-	-	-	-
Drug law enforcement	63,345	-	63,345	-	-
Jennings projects	4,741	-	4,741	-	-
Miller and Ahlgren projects	5,492	-	5,492	-	-
Riverwalk projects	3,491	-	3,491	-	-
River safety	11,692	-	11,692	-	-
Capital projects	303,076	-	303,076	-	-
Debt service	-	148,618	148,618	-	-
Permanent trust					
Playscape - expendable portion	1,079	-	1,079	-	-
Playscape - corpus	17,000	-	17,000	-	-
Unrestricted	3,478,546	3,513,336	6,991,882	134,813	2,067
Total net assets	\$ 14,389,337	\$ 15,872,023	\$ 30,261,360	\$ 134,813	\$ 2,067

The accompanying notes are an integral part of these financial statements.

CITY OF BIG RAPIDS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

Functions/ Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Primary government			Capital Grants and Contributions	
Governmental activities				
General government	\$ 2,236,764	\$ 208,165	\$ 8,418	\$ -
Public safety	3,437,920	356,104	374,444	300,815
Public works	1,790,439	226,088	777,186	507,915
Culture and recreation	1,106,715	197,246	171,843	2,920
Interest on long-term debt	172,388	-	-	-
Total governmental activities	8,744,226	987,603	1,331,891	811,650
Business-type activities				
Wastewater utility	1,567,535	1,943,793	-	46,278
Water utility	1,834,589	1,687,638	-	-
Transportation	447,249	68,031	283,359	-
Sanitation	784,548	885,099	-	-
Total business-type activities	4,633,921	4,584,561	283,359	46,278
Total primary government	\$ 13,378,147	\$ 5,572,164	\$ 1,615,250	\$ 857,928
Component units				
Downtown Development Authority	\$ 57,387	\$ 28,608	\$ -	\$ -
Brownfield Redevelopment Authority	-	-	-	-
Total component units	\$ 57,387	\$ 28,608	\$ -	\$ -

(Continued)

The accompanying notes are an integral part of these financial statements.

CITY OF BIG RAPIDS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority	Brownfield Redevelopment Authority
Changes in net assets					
Net (expense) revenue	\$ (5,613,082)	\$ 280,277	\$ (5,332,805)	\$ (28,779)	\$ -
General revenues					
Property taxes	2,869,308	-	2,869,308	22,801	-
Income taxes	1,795,339	-	1,795,339	-	-
State shared revenues	1,437,807	-	1,437,807	-	-
Unrestricted investment earnings	211,668	161,748	373,416	2,759	-
Other general revenues	23,749	6,426	30,175	-	-
Transfers - internal activities	298,800	(298,800)	-	-	-
Total general revenues and transfers	<u>6,636,671</u>	<u>(130,626)</u>	<u>6,506,045</u>	<u>25,560</u>	<u>-</u>
Change in net assets	1,023,589	149,651	1,173,240	(3,219)	-
Net assets, beginning of year	<u>13,365,748</u>	<u>15,722,372</u>	<u>29,088,120</u>	<u>138,032</u>	<u>2,067</u>
Net assets, end of year	<u>\$ 14,389,337</u>	<u>\$ 15,872,023</u>	<u>\$ 30,261,360</u>	<u>\$ 134,813</u>	<u>\$ 2,067</u>

(Concluded)

The accompanying notes are an integral part of these financial statements.

CITY OF BIG RAPIDS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2008

	<u>General</u>	<u>Major Streets</u>	<u>Drug Law Enforcement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Assets					
Cash and pooled investments	\$ 1,176,989	\$ 171,204	\$ 344,093	\$ 1,577,894	\$ 3,270,180
Accounts receivable	413,606	-	-	24,281	437,887
Special assessment receivable	1,019	-	-	39,979	40,998
Prepaid items	48,649	-	-	815	49,464
Due from other funds	92,425	-	-	-	92,425
Due from other governments	489,530	92,763	20,425	32,491	635,209
Advance to other funds	40,000	-	-	-	40,000
Inventory	-	-	-	34,286	34,286
Property held for sale	70,581	-	-	-	70,581
Total assets	<u>\$ 2,332,799</u>	<u>\$ 263,967</u>	<u>\$ 364,518</u>	<u>\$ 1,709,746</u>	<u>\$ 4,671,030</u>
Liabilities and fund balances					
Liabilities					
Accounts payable	\$ 62,426	\$ -	\$ 46,033	\$ 36,373	\$ 144,832
Accrued liabilities	505,825	-	-	13,906	519,731
Due to other funds	-	-	-	61,527	61,527
Due to other governments	-	-	255,140	-	255,140
Deferred revenue	95,000	-	-	39,979	134,979
Total liabilities	<u>663,251</u>	<u>-</u>	<u>301,173</u>	<u>151,785</u>	<u>1,116,209</u>
Fund balances					
Reserved for					
Advances	40,000	-	-	-	40,000
Property held for sale	70,581	-	-	-	70,581
Restricted contributions	-	-	-	13,724	13,724
Nonmajor permanent fund corpus	-	-	-	17,000	17,000
Inventory	-	-	-	34,286	34,286
Unreserved					
Designated for capital projects	251,444	-	-	-	251,444
Undesignated	1,307,523	263,967	63,345	-	1,634,835
Undesignated reported in nonmajor					
Special revenue funds	-	-	-	1,188,796	1,188,796
Capital projects funds	-	-	-	303,076	303,076
Permanent funds	-	-	-	1,079	1,079
Total fund balances	<u>1,669,548</u>	<u>263,967</u>	<u>63,345</u>	<u>1,557,961</u>	<u>3,554,821</u>
Total liabilities and fund balances	<u>\$ 2,332,799</u>	<u>\$ 263,967</u>	<u>\$ 364,518</u>	<u>\$ 1,709,746</u>	<u>\$ 4,671,030</u>

The accompanying notes are an integral part of these financial statements.

CITY OF BIG RAPIDS

RECONCILIATION OF FUND BALANCE ON THE BALANCE SHEET FOR GOVERNMENTAL FUNDS TO NET ASSETS OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET ASSETS

JUNE 30, 2008

Fund balances - total governmental funds	\$ 3,554,821
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Amounts reported for *governmental activities* in the statement of net assets are different because

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.

Add - land	4,769,350
Add - capital assets (net of accumulated depreciation)	8,373,541

Certain assets are not due and receivable in the current period and therefore are offset with deferred revenue in the funds.

Add - special assessments deferred receivable	40,997
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An internal service fund is used by management to charge the costs of centralized costs, to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities.

Add - net assets of governmental activities accounted for in the internal service funds	1,896,767
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Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.

Deduct - compensated absences payable	(265,956)
Deduct - bonds payable	(3,910,000)
Deduct - accrued interest on bonds payable	<u>(70,183)</u>

Net assets of governmental activities	<u>\$ 14,389,337</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF BIG RAPIDS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2008

	<u>General</u>	<u>Major Streets</u>	<u>Drug Law Enforcement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Revenues					
Taxes	\$ 4,664,647	\$ -	\$ -	\$ -	\$ 4,664,647
Intergovernmental revenues					
Federal	116,064	-	178,305	-	294,369
State	1,639,950	1,102,519	-	173,073	2,915,542
Licenses and permits	56,341	-	-	-	56,341
Charges for services	586,509	-	-	146,744	733,253
Fines	92,958	-	-	129,029	221,987
Special assessments	3,031	-	-	14,646	17,677
Investment earnings	158,087	22,748	12,266	44,259	237,360
Miscellaneous	59,923	172	178,747	53,786	292,628
Total revenues	<u>7,377,510</u>	<u>1,125,439</u>	<u>369,318</u>	<u>561,537</u>	<u>9,433,804</u>
Expenditures					
Current					
General government	2,201,684	-	-	5,886	2,207,570
Public safety	3,078,786	-	352,120	26,850	3,457,756
Public works	914,440	1,251,173	-	392,391	2,558,004
Culture and recreation	320,209	-	-	758,771	1,078,980
Debt service					
Principal	145,000	-	-	-	145,000
Interest	175,031	-	-	-	175,031
Total expenditures	<u>6,835,150</u>	<u>1,251,173</u>	<u>352,120</u>	<u>1,183,898</u>	<u>9,622,341</u>
Revenues over (under) expenditures	<u>542,360</u>	<u>(125,734)</u>	<u>17,198</u>	<u>(622,361)</u>	<u>(188,537)</u>
Other financing sources (uses)					
Transfers in	617,500	-	-	1,505,000	2,122,500
Transfers out	(1,485,200)	(185,900)	-	(128,800)	(1,799,900)
Total other financing sources (uses)	<u>(867,700)</u>	<u>(185,900)</u>	<u>-</u>	<u>1,376,200</u>	<u>322,600</u>
Net changes in fund balances	<u>(325,340)</u>	<u>(311,634)</u>	<u>17,198</u>	<u>753,839</u>	<u>134,063</u>
Fund balances, beginning of year	<u>1,994,888</u>	<u>575,601</u>	<u>46,147</u>	<u>804,122</u>	<u>3,420,758</u>
Fund balances, end of year	<u>\$ 1,669,548</u>	<u>\$ 263,967</u>	<u>\$ 63,345</u>	<u>\$ 1,557,961</u>	<u>\$ 3,554,821</u>

The accompanying notes are an integral part of these financial statements.

CITY OF BIG RAPIDS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2008

Net changes in fund balances - total governmental funds	\$ 134,063
<p>Amounts reported for <i>governmental activities</i> in the statement of activities are different because</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.</p>	
Add - capital outlay	1,021,168
Deduct - depreciation expense	(389,749)
<p>Special assessments receivable are long-term in nature and are collectable over several years. However the current receipts are reflected as revenues on the fund statements.</p>	
Deduct - special assessment receipts	(2,926)
<p>Repayment of bond or note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>	
Add - principal payments on debt	160,000
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.</p>	
Add - decrease in compensated absences	27,948
Add - decrease in accrued interest	2,643
<p>Internal service funds are used by management to charge the costs of certain services to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.</p>	
Add - increase in net assets from the internal service funds	<u>70,442</u>
Change in net assets of governmental activities	<u>\$ 1,023,589</u>

The accompanying notes are an integral part of these financial statements.

CITY OF BIG RAPIDS

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Revenues				
Taxes				
Property taxes	\$ 2,873,900	\$ 2,881,700	\$ 2,869,308	\$ (12,392)
City income tax	1,562,000	1,814,500	1,795,339	(19,161)
Intergovernmental revenues				
Federal	-	144,250	116,064	(28,186)
State	1,597,000	1,597,000	1,639,950	42,950
Licenses and permits	52,000	57,000	56,341	(659)
Charges for services	234,200	548,700	586,509	37,809
Fines	112,200	112,200	92,958	(19,242)
Special assessments	12,500	12,500	3,031	(9,469)
Investment earnings	75,400	130,400	158,087	27,687
Miscellaneous	54,500	66,300	59,923	(6,377)
Total revenues	<u>6,573,700</u>	<u>7,364,550</u>	<u>7,377,510</u>	<u>12,960</u>
Expenditures				
Current				
General government	2,305,100	2,325,200	2,201,684	123,516
Public safety	3,008,900	3,179,500	3,078,786	100,714
Public works	908,200	971,000	914,440	56,560
Culture and recreation	332,700	350,100	320,209	29,891
Debt service				
Principal	145,000	145,000	145,000	-
Interest and fiscal charges	175,800	175,800	175,031	769
Total expenditures	<u>6,875,700</u>	<u>7,146,600</u>	<u>6,835,150</u>	<u>311,450</u>
Revenues over (under) expenditures	<u>(302,000)</u>	<u>217,950</u>	<u>542,360</u>	<u>(298,490)</u>
Other financing sources (uses)				
Transfers in	617,500	617,500	617,500	-
Transfers out	(592,000)	(1,785,200)	(1,485,200)	300,000
Total other financing sources (uses)	<u>25,500</u>	<u>(1,167,700)</u>	<u>(867,700)</u>	<u>300,000</u>
Net changes in fund balance	<u>(276,500)</u>	<u>(949,750)</u>	<u>(325,340)</u>	<u>624,410</u>
Fund balance, beginning of year	<u>1,994,888</u>	<u>1,994,888</u>	<u>1,994,888</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,718,388</u>	<u>\$ 1,045,138</u>	<u>\$ 1,669,548</u>	<u>\$ 624,410</u>

The accompanying notes are an integral part of these financial statements.

CITY OF BIG RAPIDS

MAJOR STREETS FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues				
Federal	-	-	-	-
State	569,000	1,070,200	1,102,519	32,319
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Fines	-	-	-	-
Special assessments	-	-	-	-
Investment earnings	20,000	20,000	22,748	2,748
Miscellaneous	1,000	1,000	172	(828)
Total revenues	590,000	1,091,200	1,125,439	34,239
Expenditures				
Current				
Public works	536,100	1,366,800	1,251,173	115,627
Revenues over (under) expenditures	53,900	(275,600)	(125,734)	149,866
Other financing sources				
Transfers out	(178,500)	(185,900)	(185,900)	-
Net changes in fund balance	53,900	(461,500)	(311,634)	149,866
Fund balance, beginning of year	575,601	575,601	575,601	-
Fund balance, end of year	\$ 629,501	\$ 114,101	\$ 263,967	\$ 149,866

The accompanying notes are an integral part of these financial statements.

CITY OF BIG RAPIDS

DRUG LAW ENFORCEMENT FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues				
Federal	-	257,500	178,305	(79,195)
State	-	2,900	-	(2,900)
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Fines	-	-	-	-
Special assessment	-	-	-	-
Investment earnings	-	12,700	12,266	(434)
Miscellaneous	-	178,700	178,747	47
Total revenues	-	451,800	369,318	(82,482)
Expenditures				
Current				
Public safety	2,000	398,500	352,120	46,380
Net changes in fund balance	(2,000)	53,300	17,198	(36,102)
Fund balance, beginning of year	46,147	46,147	46,147	-
Fund balance, end of year	<u>\$ 44,147</u>	<u>\$ 99,447</u>	<u>\$ 63,345</u>	<u>\$ (36,102)</u>

The accompanying notes are an integral part of these financial statements.

CITY OF BIG RAPIDS
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2008

	Enterprise Funds			
	Wastewater Treatment	Water	Sanitation	Nonmajor
Assets				
Current assets				
Cash and pooled investments	\$ 2,526,626	\$ 161,381	\$ 48,936	\$ -
Accounts receivable	209,212	165,404	87,452	107
Due from other governments	-	-	-	31,353
Prepaid and other assets	4,874	159,793	-	1,131
Inventory	-	30,000	-	-
Restricted cash and pooled investments	156,071	388,444	-	-
Total current assets	2,896,783	905,022	136,388	32,591
Capital assets				
Land	31,288	343,533	-	-
Construction in progress	658,580	-	-	-
Buildings	3,413,836	2,661,268	-	-
Vehicles and equipment	76,788	158,397	-	622,875
Infrastructure	9,109,905	12,896,038	-	-
Less accumulated depreciation	(6,531,028)	(7,007,283)	-	(593,391)
Net capital assets	6,759,369	9,051,953	-	29,484
Total assets	9,656,152	9,956,975	136,388	62,075
Liabilities				
Current liabilities				
Accounts payable	39,519	30,867	60,573	2,558
Accrued liabilities	39,350	34,362	-	5,731
Due to other funds	-	-	-	30,898
Customer deposits	-	24,075	-	-
Payable from restricted assets	-	-	-	-
Accrued interest	11,840	29,057	-	-
Current portion of long-term debt	140,000	215,000	-	-
Total current liabilities	230,709	333,361	60,573	39,187
Long-term liabilities				
Discount (premium) on bonds	(8,500)	44,237	-	-
Bonds payable, net of current portion	650,000	2,590,000	-	-
Total long-term liabilities	641,500	2,634,237	-	-
Total liabilities	872,209	2,967,598	60,573	39,187
Net assets				
Investment in capital assets net of related debt	5,977,869	6,202,716	-	29,484
Restricted for:				
Revenue bond retirement	4,231	144,387	-	-
Unrestricted (deficit)	2,806,074	786,661	75,815	(6,596)
Total net assets	\$ 8,783,943	\$ 6,989,377	\$ 75,815	\$ 22,888

The accompanying notes are an integral part of these financial statements.

Enterprise Fund Total	Governmental Activities	
	Internal Service Funds	
\$ 2,736,943	\$ 769,053	
462,175	1,122	
31,353	-	
165,798	137,334	
30,000	81,332	
<u>544,515</u>	<u>-</u>	
<u>3,970,784</u>	<u>988,841</u>	
374,821	-	
658,580	-	
6,075,104	691,614	
858,060	2,361,216	
22,005,943	-	
<u>(14,131,702)</u>	<u>(2,048,813)</u>	
<u>15,840,806</u>	<u>1,004,017</u>	
<u>19,811,590</u>	<u>1,992,858</u>	
133,517	22,081	
79,443	74,010	
30,898	-	
24,075	-	
40,897	-	
<u>355,000</u>	<u>-</u>	
<u>663,830</u>	<u>96,091</u>	
35,737	-	
<u>3,240,000</u>	<u>-</u>	
<u>3,275,737</u>	<u>-</u>	
<u>3,939,567</u>	<u>96,091</u>	
12,210,069	1,004,017	
148,618	-	
<u>3,661,954</u>	<u>892,750</u>	
<u>\$ 15,872,023</u>	<u>\$ 1,896,767</u>	

CITY OF BIG RAPIDS
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008

	Enterprise Funds			
	Wastewater Treatment	Water	Sanitation	Nonmajor
Operating revenue				
Charges for services	\$ 1,943,793	\$ 1,687,638	\$ 885,099	\$ 68,031
Other	3,099	3,327	-	-
Total operating revenue	<u>1,946,892</u>	<u>1,690,965</u>	<u>885,099</u>	<u>68,031</u>
Operating expense				
Salaries and wages	327,548	326,543	-	221,064
Benefits	139,454	164,997	-	44,718
DPW services	144,400	116,600	20,000	-
Materials and supplies	126,406	193,857	4,376	2,446
Gas and oil	-	-	-	43,807
Utilities	191,672	159,408	-	7,474
Repair and maintenance	118,653	149,697	-	37,896
Equipment rentals	32,101	106,550	23,739	-
Contracted services	92,759	59,749	736,433	2,200
Professional fees	5,953	23,998	-	3,000
Insurance	24,642	17,706	-	6,999
Depreciation	321,142	372,832	-	77,083
Miscellaneous	4,203	27,120	-	562
Total operating expense	<u>1,528,933</u>	<u>1,719,057</u>	<u>784,548</u>	<u>447,249</u>
Operating income (loss)	<u>417,959</u>	<u>(28,092)</u>	<u>100,551</u>	<u>(379,218)</u>
Non-operating revenue (expense)				
Federal grants	-	-	-	87,938
State grants	-	-	-	195,421
Miscellaneous	-	-	-	-
Investment earnings	124,240	37,476	-	32
Interest expense	(38,602)	(115,532)	-	-
Total non-operating revenue (expense)	<u>85,638</u>	<u>(78,056)</u>	<u>-</u>	<u>283,391</u>
Income (loss) before transfers and capital contributions	<u>503,597</u>	<u>(106,148)</u>	<u>100,551</u>	<u>(95,827)</u>
Capital contributions	<u>46,278</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfers in	-	-	-	72,000
Transfers out	(133,800)	(140,800)	(64,200)	(32,000)
Changes in net assets	<u>416,075</u>	<u>(246,948)</u>	<u>36,351</u>	<u>(55,827)</u>
Net assets, beginning of year	<u>8,367,868</u>	<u>7,236,325</u>	<u>39,464</u>	<u>78,715</u>
Net assets, end of year	<u>\$ 8,783,943</u>	<u>\$ 6,989,377</u>	<u>\$ 75,815</u>	<u>\$ 22,888</u>

The accompanying notes are an integral part of these financial statements.

Enterprise Fund Total	Governmental Activities	
	Internal Service Funds	
\$ 4,584,561	\$ 2,539,410	
6,426	7,942	
<u>4,590,987</u>	<u>2,547,352</u>	
875,155	642,158	
349,169	343,061	
281,000	-	
327,085	5,494	
43,807	123,487	
358,554	23,297	
306,246	101,199	
162,390	9,686	
891,141	32,064	
32,951	2,620	
49,347	1,024,631	
771,057	199,941	
31,885	329	
<u>4,479,787</u>	<u>2,507,967</u>	
<u>111,200</u>	<u>39,385</u>	
87,938	-	
195,421	-	
-	16,720	
161,748	38,137	
(154,134)	-	
<u>290,973</u>	<u>54,857</u>	
402,173	94,242	
46,278	-	
72,000	53,000	
(370,800)	(76,800)	
149,651	70,442	
<u>15,722,372</u>	<u>1,826,325</u>	
<u>\$ 15,872,023</u>	<u>\$ 1,896,767</u>	

CITY OF BIG RAPIDS

PROPRIETARY FUNDS STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2008

	Enterprise Funds			
	Wastewater Treatment	Water	Sanitation	Nonmajor
Cash flows from operating activities				
Receipts from internal services provided	\$ -	\$ -	\$ -	\$ -
Receipts from customers and users	1,929,706	1,711,045	874,234	67,493
Payments to employees	(457,678)	(499,048)	-	(271,891)
Payments to suppliers	(882,490)	(740,146)	(778,544)	(102,409)
Operating grants	-	-	-	219,854
Net cash provided by (used in) operating activities	<u>589,538</u>	<u>471,851</u>	<u>95,690</u>	<u>(86,953)</u>
Cash flows from non-capital financing activities				
Loan from other funds	-	-	-	30,898
Transfers in	-	-	-	72,000
Transfers out	(133,800)	(140,800)	(64,200)	(32,000)
Net cash provided by (used in) non-capital financing activities	<u>(133,800)</u>	<u>(140,800)</u>	<u>(64,200)</u>	<u>70,898</u>
Cash flows from capital and related financing activities				
Interest expense	(39,109)	(121,618)	-	-
Capital grants	672,004	-	-	-
Principal paid on bonds	(135,000)	(200,000)	-	-
Proceeds on sale of capital assets	-	-	-	-
Acquisitions of capital assets	(112,738)	(57,465)	-	-
Net cash provided by (used in) capital and related financing activities	<u>385,157</u>	<u>(379,083)</u>	<u>-</u>	<u>-</u>
Cash flows from Investing activities				
Interest income	<u>124,240</u>	<u>37,023</u>	<u>-</u>	<u>32</u>
Net increase (decrease) in cash and pooled investments	<u>965,135</u>	<u>(11,009)</u>	<u>31,490</u>	<u>(16,023)</u>
Cash and pooled investments, beginning of year	<u>1,717,562</u>	<u>560,834</u>	<u>17,446</u>	<u>16,023</u>
Cash and pooled investments, end of year	<u>\$ 2,682,697</u>	<u>\$ 549,825</u>	<u>\$ 48,936</u>	<u>\$ -</u>
Cash flows from operating activities				
Operating income (loss)	\$ 417,959	\$ (28,092)	\$ 100,551	\$ (379,218)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	321,142	372,832	-	77,083
Operating grants	-	-	-	219,854
Change in operating assets and liabilities which provided (used) cash				
Accounts receivable	(17,186)	20,080	(10,865)	538
Inventory	-	93,480	-	-
Prepaid assets and other items	(4,873)	3,920	-	(1,131)
Accounts payable	(136,828)	17,139	6,004	2,030
Accrued liabilities	9,324	(7,508)	-	(6,109)
Net cash provided by (used in) operating activities	<u>\$ 589,538</u>	<u>\$ 471,851</u>	<u>\$ 95,690</u>	<u>\$ (86,953)</u>

The accompanying notes are an integral part of these financial statements.

Enterprise Fund Total	Governmental Activities	
	Internal Service Funds	
\$ -	\$ 2,546,615	
4,582,478	-	
(1,228,617)	(1,006,791)	
(2,503,589)	(1,301,899)	
<u>219,854</u>	<u>-</u>	
<u>1,070,126</u>	<u>237,925</u>	
30,898	-	
72,000	53,000	
<u>(370,800)</u>	<u>(76,800)</u>	
<u>(267,902)</u>	<u>(23,800)</u>	
(160,727)	-	
672,004	-	
(335,000)	-	
-	16,720	
<u>(170,203)</u>	<u>(129,414)</u>	
<u>6,074</u>	<u>(112,694)</u>	
<u>161,295</u>	<u>38,137</u>	
969,593	139,568	
<u>2,311,865</u>	<u>629,485</u>	
<u>\$ 3,281,458</u>	<u>\$ 769,053</u>	
\$ 111,200	\$ 39,385	
771,057	199,941	
219,854	-	
(7,433)	(737)	
93,480	(8,313)	
(2,084)	(9,024)	
(111,655)	13,291	
<u>(4,293)</u>	<u>3,382</u>	
<u>\$ 1,070,126</u>	<u>\$ 237,925</u>	

CITY OF BIG RAPIDS
FIDUCIARY FUNDS
STATEMENT OF NET ASSETS/BALANCE SHEET
JUNE 30, 2008

	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
Assets		
Cash and pooled investments	\$ 145,638	\$ 80,033
Investments		
Stock mutual funds	2,897,591	-
Bond mutual funds	1,872,986	-
Money market	80,624	-
Accounts receivable	<u>9,834</u>	<u>72,057</u>
Total assets	<u>5,006,673</u>	<u>\$ 152,090</u>
Liabilities		
Accounts payable	116,193	\$ 39,269
Due to other governmental units	-	72,821
Advances from other funds	<u>-</u>	<u>40,000</u>
Total liabilities	<u>116,193</u>	<u>\$ 152,090</u>
Net assets		
Reserved for employees' pension benefits	<u>\$ 4,890,480</u>	

The accompanying notes are an integral part of these financial statements.

CITY OF BIG RAPIDS

PENSION TRUST FUND STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Pension Trust</u>
Additions	
Contributions:	
Employer	\$ 523,839
Employee	<u>116,819</u>
Total contributions	640,658
Investment earnings (losses)	<u>(452,866)</u>
Total Additions	<u>187,792</u>
Deductions	
Benefits	592,933
Refunds of contributions	279,126
Administrative expenses	<u>15,628</u>
Total deductions	<u>887,687</u>
Net increase (decrease)	(699,895)
Net assets, Beginning of year	<u>5,590,375</u>
Net assets, end of year	<u>\$ 4,890,480</u>

The accompanying notes are an integral part of these financial statements.

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CITY OF BIG RAPIDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Big Rapids, Michigan (the "City") conform to generally accepted accounting principles as applicable to governments. The following is a summary of the significant policies.

Reporting Entity

These financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations, so data from these units are combined with data of the primary government. The City has no blended component units. Discretely presented component units are reported in a separate column in the financial statements to emphasize they are legally separate from the City.

Discretely Presented Component Units

The component unit columns in the government-wide financial statements include the financial data of the Downtown Development Authority (DDA) and the Brownfield Redevelopment Authority. These component units provide services to the businesses located within the districts. They are reported in a separate column to emphasize they are legally separate from the City.

The DDA was created to correct and prevent deterioration in the downtown area and promote economic growth within downtown. The DDA governing body consists of individuals that are appointed by the City's Commission. The City Commission approves the DDA's budget and has the ability to significantly influence operations of the DDA. Financial statements are not separately issued for the DDA.

The Brownfield Redevelopment Authority accounts for captured tax revenue on specific properties within the City that have been identified and approved by the State of Michigan as brownfields requiring site reclamation. These revenues are used to reimburse property owners for expenditures incurred for brownfield cleanup. The City Commission appoints the governing body of the Brownfield Redevelopment Authority. Financial statements are not separately issued for the DDA.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between enterprise functions and other various functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

CITY OF BIG RAPIDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements, except for agency funds which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for reimbursement-based grants and interest which use a one year collection period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Property taxes, state revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges for services. The principal operating revenues of the City's internal service funds are charges to City departments for repairs and equipment utilization, public works department services, and insurance coverage. Operating expenses for the enterprise funds include depreciation on capital assets, labor, supplies and contracted services. Operating expenses for the internal funds include the cost of services (including claims), administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF BIG RAPIDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

The City reports the following major governmental funds:

The *General Fund* is the general operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund.

The *Major Streets Fund* is used to account for the receipt and expenditures of state shared gas and weight taxes under Act 51, P.A. 1951 as amended. Gas and weight taxes are distributed to cities and villages in Michigan on the basis of population and the number of miles of streets.

The *Drug Law Enforcement Fund* is used to account for federal grants and forfeitures used to enforce anti-drug laws.

The City reports the following major proprietary funds:

The *Wastewater Enterprise Fund* is used to account for the operations of the City's wastewater department that provides sewer services on a user charge basis.

The *Water Enterprise Fund* is used to account for the operations of the City's water department that provides water services on a user charge basis.

The *Sanitation Fund* is used to account for the cost of collecting and disposing of refuse on a user charge basis.

Additionally, the City reports the following fund types:

The *Special Revenue Funds* are used to account for the proceeds of specific revenue sources (other than permanent trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

The *Capital Projects Funds* account for the accumulation and disbursement of resources for the construction of governmental fund capital projects.

The *Permanent Fund* is used to account for resources that are legally restricted to the extent that only earnings, and not principal may be used for purposes that support the City programs.

The *Enterprise Funds* are used to account for operations of the City that are financed by charges for the services provided.

The *Internal Service Funds* are used to account for shared services, equipment usage, and insurance coverage provided to the City departments and funds on a cost reimbursement basis.

The *Pension Trust Fund* is used to account for the operations of the City Act 345 Pension Plan which provides pension benefits to Public Safety Department employees.

The *Agency Funds* are used to account for the collection and disbursement of funds that are collected on behalf of outside governments or other parties.

CITY OF BIG RAPIDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed by both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resource as they are needed.

Budgets and Budgetary Accounting

Comparisons to budget are presented for the general and special revenue funds. General and special revenue funds adopt a legal budget with remaining funds maintaining budgets as a management control device. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing the following July 1. The operating budget is adopted by activity.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally enacted through passage of a resolution.
4. Formal budgetary integration is employed for the governmental fund types as a management control device.
5. Budgets for the general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Annual budgets lapse at fiscal year end.
6. Adoption and amendments of all budgets used by the City are governed by Michigan state law. The appropriations resolution is based on the projected expenditures budgets of the department heads of the City. Any amendment to the original budget must meet the requirements of Michigan law. Any revisions that alter the total expenditures of any department must be approved by the City Commission. The City Manager is authorized to transfer budgeted amounts within a department subject to the condition that the total expenditures do not exceed the approved appropriations by department. Thus the legal level of budgetary control is at the department level. Supplemental appropriations were necessary during the year.

Cash and Pooled Investments

For the purpose of the statement of cash flows, the City considers cash and pooled investments to be cash and cash equivalents because the pooling of these balances allows for withdrawal at any time similar to a demand deposit account.

CITY OF BIG RAPIDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

Investments

Investments are stated at fair value at the balance sheet date.

City investment policy allows for all investment authorized by State statutes. State statutes authorize the City to invest in:

- a. Bond, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d. Bankers acceptances of United States banks.
- e. Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- f. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- g. External investment pools as authorized by Public Act 20 as amended.

The City pension plan is also allowed to invest in corporate equity securities.

Receivables/Due from Other Governments

All receivables are recorded at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Uncollectible balances are immaterial to the financial statements.

Special Assessments Receivable

Special assessments receivable consist of long-term receivables from customers and benefited parties for various infrastructure improvement projects.

Loans Receivable

Loans receivable consist of loans to businesses located in the DDA for facility improvement projects. Loan terms require various repayments schedules.

Prepaid and Other Assets

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid and other assets in both the government-wide and fund financial statements.

CITY OF BIG RAPIDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

Inventory

All inventories are valued at original cost using the first-in/first-out (FIFO) method. Inventory represents parts, materials, and supplies utilized in the various City operations.

Property Held for Resale

Property held for resale is valued at original cost. These properties are purchased with the intent of rehabilitation and resale in cooperation with the Big Rapids Housing Commission.

Advances to Agency Funds

Noncurrent portions of long-term interfund loans receivable in governmental funds are reported as advances and are offset by fund balance reserve which indicates that the balance does not represent expendable available financial resources.

Restricted Cash and Pooled Investments

Restricted balances represent required reserves for the payment of principal and interest on outstanding bonds as well as other reserves required by bond agreements.

Capital Assets

Capital assets, which include land, construction in progress, buildings, vehicles and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental and business-type activities columns in the government-wide financial statements.

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

No interest expense has been incurred or capitalized on capital assets reported in proprietary funds.

Depreciation on capital assets (including infrastructure) is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	10-50
Vehicles and equipment	5-50
Public domain and system infrastructure	20-50

CITY OF BIG RAPIDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

Deferred Revenue

Funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* reported in the funds were as follows:

Governmental funds	
Fire protection contracts	\$ 93,982
Special assessments	<u>40,997</u>
Total governmental funds	<u>\$134,979</u>

Compensated Absences

Under contracts negotiated with employee groups and personnel policy, individual employees have a vested right to receive payments for unused vacation and other compensation depending on employment agreements. Accumulated compensated absences of governmental funds are recorded on the statement of net assets and not on the governmental fund balance sheets because the balance is not expected to be liquidated with expendable available financial resources. Amounts accumulated for proprietary funds are reported on the statements of net assets of the individual enterprise funds. Compensated absences reported for governmental activities are primarily liquidated from general fund resources.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, the long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net assets. For new bond issuances after the implementation of GASB Statement No. 34, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Net Assets/Fund Balance

Reserved fund balance/restricted net assets represent those portions of fund balance/net assets not appropriable for expenditure/expense or legally segregated for specific future use. Designated fund balances represent tentative plans for future use of financial resources.

CITY OF BIG RAPIDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

Property Taxes

City property taxes are attached as an enforceable lien on property as of December 31. Summer taxes are levied July 1 and are due without penalty on or before September 15. Winter taxes are levied December 1 and are due without penalty on or before February 14. Tax bills include the City's own property taxes and taxes billed on behalf of other taxing units. Real property taxes not collected as of March 1 are turned over to the County for collection, which advances the City 100% of the delinquent real property taxes. Collection of delinquent personal property taxes remains the responsibility of the City Treasurer. Taxes collected on behalf of other taxing units is accounted for in the agency funds. Property taxes levied in July of each year are recognized as revenue in the year in which they are levied.

Income Taxes

The City has a local income tax for all city residents, businesses, and individuals working in the City. Income taxes receivable represents estimated income taxes for wages and profits through June 30, 2008 net of estimated refunds.

Intergovernmental Revenues

Grants and assistance awards made on the basis of entitlement periods are recorded as due from other governments and revenue when entitlement occurs. Reimbursement-type grants are recorded as intergovernmental receivables and revenues when the related expenditure/expenses are incurred.

Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds. Transactions that constitute reimbursement to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund that is reimbursed. Changes between enterprise funds and other functions of the City are not reimbursements because elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Remaining transactions are generally reflected as transfers.

2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

Michigan law, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the City's actual expenditures and budgeted expenditures for the budgeted funds have been shown on a functional basis. The approved budgets of the City for these budgeted funds were adopted at the activity level.

During the year ended June 30, 2008, the City incurred no expenditures which were in excess of the amounts appropriated.

CITY OF BIG RAPIDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

3. CASH AND INVESTMENTS

The captions on the financial statements relating to cash and pooled investments and investments are as follows:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and pooled investments	\$6,776,176	\$48,049	\$ 225,671	\$ 7,049,896
Investments	-	-	4,851,201	4,851,201
Restricted cash and pooled investment	544,515	-	-	544,515
	<u>\$7,320,691</u>	<u>\$48,049</u>	<u>\$5,076,872</u>	<u>\$12,445,612</u>

The cash and investments making up the above balances are as follows:

Deposits	\$ 2,762,948
Investments	9,677,647
Petty cash	<u>5,017</u>
Total	<u>\$12,445,612</u>

The deposits are in financial institutions located in Michigan in varying amounts. State policy limits the Treasurer's investing options to financial institutions located in Michigan. All accounts are in the name of the City and a specific fund or common account. They are recorded in City records at fair value. Interest is recorded when earned.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. State law does not require, and the City does not have, a policy for deposit custodial credit risk. As of year-end, \$2,592,199 of the City's bank balance of \$3,092,199 was exposed to custodial credit risk because the balance was uninsured and uncollateralized.

CITY OF BIG RAPIDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

Investments

The City chooses to disclose its investments by specifically identifying each. As of year-end, the City had the following investments:

	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Source</u>
Mutual fund accounts	N/A	\$4,906,577	Unknown	
Money market mutual funds	N/A	1,728,296	Unknown	
Bonds				
FHLMC	6/15/23	87,426	AAA	Moody
FHLMC	3/15/20	63,474	AAA	Moody
FHLMC	9/15/24	47,500	AAA	Moody
FHLMC	5/6/11	40,010	AAA	Moody
Michigan Consolidated Gas	11/1/23	1,010	A2	Moody
FHLMC pools	2017-2018	35,392	AAA	Moody
FNMA pools	2016-2023	5,709	AAA	Moody
GNMA pools	2010-2034	106,688	Unknown	
GNMA unit investment trust	N/A	2,436,295	Unknown	
Preferred stock				
JP Morgan Chase XVI 6.35%		5,530		
Gen motors note 7.25%		18,345		
GMAC LLC note 7.375%		12,810		
Pulte homes 7.375%		3,738		
Corts Cap Tr Ford 7.4%		5,950		
US Bancorp 6.5%		10,425		
Wachovia Cap 6.375%		6,850		
Fifth Third Capital Trust V 7.25%		6,520		
Fifth Third Capital Trust VI 7.25%		32,320		
Keycorp Capital X		16,000		
Gladstone Commercial 7.5%		15,120		
HSBC Holdings 6.2%		12,348		
HSBC Holdings 8.125%		13,020		
Ing Group 6.125%		14,240		
Public Storage 6.18%		9,410		
Royal Bank of Scotland 6.6%		5,586		
Common stock				
AXM Pharma		18		
Conexant Systems		912		
Home Depot		4,684		
JDS Uniphase		2,840		
Microsoft Inc.		11,004		
Nortel Networks Corp.		2,055		
Symantec Corp.		4,335		
Time Warner Inc.		5,180		
Ultimate Franchise Systems		30		
Total		\$9,677,647		

CITY OF BIG RAPIDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

The aforementioned investments do not include certificates of deposit which are classified as deposits for risk identification purposes.

Investment and deposit risk

Interest Rate Risk. State law and City policy limit the allowable investments and the maturities of some of the allowable investments as identified in Note 1, the summary of significant accounting policies. The City's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The maturity date for each investment is identified above for investments held at year-end.

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in Note 1, the summary of significant accounting policies. The investment policy does not have specific limits in excess of state law on investment credit risk. The rating for each investment is identified above for investments held at year end.

Custodial Credit Risk - Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the City does not have a policy for investment custodial credit risk. Of the above \$9,677,647 of investments, the City has a custodial credit risk of \$4,042,774 because the related securities are uninsured, unregistered and held by the government's brokerage firm which is also the counterparty for these particular securities. Of the above mutual fund investments the City's custodial credit risk exposure cannot be determined because the mutual funds do not consist of specifically identifiable securities.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in Note 1, the summary of significant accounting policies. The City's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year-end are reported above.

4. ADVANCES BETWEEN FUNDS

Advances receivables and payables at June 30, 2008 were as follows:

	Payable fund	
	Payroll agency fund	Total
<u>Receivable fund</u>		
General fund	\$40,000	\$40,000
Total	\$40,000	\$40,000

Advances represent long-term loans between the general fund and the payroll agency fund primarily to provide cash flow for payroll clearing activities.

CITY OF BIG RAPIDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

5. INTERFUND TRANSACTIONS

Transfers in and out for the year ended June 30, 2008 are as follows:

<u>Transfer out</u>	<u>Transfers in</u>				<u>Total</u>
	<u>General Fund</u>	<u>Nonmajor Governmental</u>	<u>Nonmajor enterprise</u>	<u>Internal Service</u>	
General fund	\$ -	\$1,395,000	\$72,000	\$18,200	\$1,485,200
Majors Streets	68,500	110,000	-	7,400	185,900
Nonmajor governmental	121,600	-	-	7,200	128,800
Wastewater Treatment	118,800	-	-	15,000	133,800
Water	137,800	-	-	3,000	140,800
Sanitation	64,200	-	-	-	64,200
Nonmajor enterprise	32,000	-	-	-	32,000
Internal service funds	74,600	-	-	2,200	76,800
Total	\$617,500	\$1,505,000	\$72,000	\$53,000	\$2,247,500

Transfers are used to (1) move unrestricted revenues collected in the general fund to finance capital and other various programs accounted for in other funds in accordance with budgetary authorizations and (2) move allocated cost of general operations to applicable funds.

Interfund receivables and payables of individual funds at June 30, 2008 were as follows:

<u>Receivable fund</u>	<u>Payable fund</u>		<u>Total</u>
	<u>Nonmajor enterprise funds</u>	<u>Nonmajor governmental funds</u>	
General fund	\$30,898	\$61,527	\$92,425
Total	\$30,898	\$61,527	\$92,524

Interfund balances reflect loans made from funds with cash and pooled investments to those funds requiring temporary cash flow.

CITY OF BIG RAPIDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

6. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 4,761,250	\$ 8,100	\$ -	\$ 4,769,350
Total capital assets, not being depreciated	4,761,250	8,100	-	4,769,350
Capital assets, being depreciated				
Buildings	9,141,053	8,825	-	9,149,878
Vehicles and equipment	4,738,988	337,148	68,335	5,007,801
Infrastructure	3,493,847	796,509	-	4,290,356
Total capital assets, being depreciated	17,373,888	1,142,482	68,335	18,448,035
Less accumulated depreciation for				
Buildings	5,145,256	172,048	-	5,317,304
Vehicles and equipment	3,215,310	329,991	68,335	3,476,966
Infrastructure	188,556	87,651	-	276,207
Total accumulated depreciation	8,549,122	589,690	68,335	9,070,477
Net capital assets, being depreciated	8,824,766	552,792	-	9,377,557
Governmental Activities capital assets, net	\$ 13,586,016	\$ 560,892	\$ -	\$14,146,908
Business-type Activities				
Capital assets, not being depreciated				
Land	\$ 374,821	\$ -	\$ -	\$ 374,821
Construction in Progress	658,580	-	-	658,580
Total capital assets, not being depreciated	1,033,401	-	-	1,033,401
Capital assets being depreciated				
Buildings	6,075,104	-	-	6,075,104
Vehicles and equipment	803,062	54,998	-	858,060
Infrastructure	21,890,739	115,205	-	22,005,944
Total capital assets, being depreciated	28,768,905	170,203	-	28,939,108
Less accumulated depreciation for				
Buildings	2,887,132	152,725	-	3,039,857
Vehicles and equipment	620,988	98,489	-	719,477
Infrastructure	9,852,526	519,843	-	10,372,369
Total accumulated depreciation	13,360,646	771,057	-	14,131,703
Net capital assets, being depreciated	15,408,259	(600,854)	-	14,807,405
Business-type Activities capital assets, net	\$16,441,660	\$(600,854)	\$ -	\$15,840,806

CITY OF BIG RAPIDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities	
General government	\$ 84,132
Public safety	108,776
Public works and streets	91,648
Culture and recreation	105,193
Capital assets held by the governments internal service funds are charged to the various functions based on their usage of the assets	<u>199,941</u>
Total depreciation expense - governmental activities	<u>\$589,690</u>
Business-type Activities	
Wastewater Treatment	\$321,142
Water	372,832
Nonmajor enterprise funds	<u>77,083</u>
Total depreciation expense - business- type activities	<u>\$771,057</u>

7. PENSION PLANS

The City provides the following pension plans to employees meeting specific requirements based on positions status, City policy and bargaining agreements:

Michigan Municipal Employees Retirement System (MERS)
 Agent multiple employer defined benefit and defined contribution retirement plans

Self-administered Michigan Act 345 Retirement System
 Single employer defined benefit and defined contribution retirement plans

Public Safety department bargaining unit employees and supervisory personnel (police and fire staff) participate in either the Act 345 Retirement System defined contribution or defined benefit plans. Remaining eligible employees participate in either the MERS defined contribution or defined benefit plans.

Defined Contribution Pension Plans

The City provides several defined contribution pension plans, which provide pension benefits to qualified employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The City's contribution for employees eligible to participate in the plans vests based on year of service with 100% vesting occurring after 7 years of service. The City and participants contribute a percentage of participant salary to the plans based on the participant's position with the City. City contributions to the Act 345 plan range from 5.5% to 8% of salary and participants contributions range from 2% to 4% of salary. City contributions to the MERS plan range from 8% to 9.5% of salary and participant contributions range from 4% to 5.5% of salary. City contributions were \$223,839 and \$130,625 and participant contributions were \$112,969 and \$70,336 to the Act 345 plan and the MERS plan respectively. The plan provisions and contribution amounts were established by the City commission and may be amended by the Commission. The plans are administered as noted above.

CITY OF BIG RAPIDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

Defined Benefit Plan

MERS Plan Description

The City participates in the Municipal Employees' Retirement System of Michigan (MERS), an agent multi-employer defined benefit pension plan providing retirement, death and disability benefits. The System is administered by the MERS retirement board. Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. A publicly available financial report that includes financial statements and required supplementary information for MERS may be obtained by writing to the Municipal Employees Retirement System of Michigan, 1134 Municipal Way, Lansing, Michigan 48917.

The City is required to contribute at an actuarially determined rate based on annual covered payroll and dependent on division within MERS. The employees and the City are required to contribute from .75% to 3.95% and 0% to 18.75% of gross wages to the Plan based on division within MERS respectively. The contribution requirements of the City are established and may be amended by the MERS Retirement Board. The contribution requirements of employees are established and may be amended by employment and labor agreements.

For the year ended June 30, 2008, the City's annual pension cost of \$326,970 for MERS was equal to the City's required and actual contributions. The required contribution was determined as part of the December 31, 2005 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included: (a) a rate of return on the investment of present and future assets of eight (8.0) percent; and (b) projected salary increases of four and one-half (4.5) percent per year compounded annually based on inflation, plus from 0% to 8.4% based on an age-related scale to reflect merit, longevity and promotional salary increases. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return and includes an adjustment to reflect fair value. The difference in investment income between expected return and market return is recognized over a 10-year period as the rate of 10% per year. The City's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2005, was 30 years.

The required schedule of funding progress immediately following the notes to the financial statements presents multi year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities of benefits.

Three-Year Trend Information

Fiscal Year	Annual Pension	Percentage of APC	Net Pension
<u>Ending</u>	<u>Cost (APC)</u>	<u>Contributed</u>	<u>Obligation</u>
6/30/06	\$284,494	100%	-
6/30/07	313,009	100%	-
6/30/08	326,970	100%	-

Funding Progress

Actuarial	Actuarial	Actuarial	Unfunded	Funded	Covered	UAAL as a
Valuation	Value of	Accrued	AAL	Ratio	Payroll	Percentage
<u>Date</u>	<u>(a)</u>	<u>Liability (AAL)</u>	<u>(UAAL)</u>	<u>Total</u>	<u>(c)</u>	<u>of Covered</u>
		<u>Entry Age</u>	<u>(b-a)</u>			<u>Payroll</u>
		<u>(b)</u>				<u>((b-a)/c)</u>
12/31/07	\$8,452,036	\$12,198,888	\$3,746,852	69%	\$1,449,245	259%

CITY OF BIG RAPIDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

Act 345 Plan Description

The City has a single-employer defined benefit retirement plan which provides pension, death and disability benefits to public safety department policemen and firemen. Act 345 assigns the authority to establish and amend benefit provisions and contribution requirements to the City, subject to the terms of collective bargaining agreements. Plan members are required to contribute 6% of their annual covered salary depending on the applicable collective bargaining agreement and/or unit assignment. The City is required to contribute at an actuarially determined rate; the current amount of \$300,000 was contributed to the plan. Membership of the Act 345 defined benefit plan consisted of the following at the date of the latest actuarial valuation (June 30, 2007):

Act 345 Defined Benefit Plan

Retirees and beneficiaries receiving benefits	22
Terminated plan members entitled to but not yet receiving benefits	1
Active plan members	<u>1</u>
Total	<u>25</u>
Number of participating employers	<u>1</u>

This plan is closed to additional participants

The City's annual pension cost and net retirement benefits obligation for the current year were as follows:

Act 345 Defined Benefit Plan

Annual required contribution / pension cost	\$300,000
Contributions made	<u>300,000</u>
Net pension obligation, end of year	<u>\$ -</u>

The annual required contribution for the current year was determined as part of the June 30, 2007, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included: (a) a rate of return on investments of 7.0% per year compounded annually; (b) projected salary increases of 4.0% per year compounded annually, attributable to inflation; (c) additional projected salary increases ranging from 0% to 3% per year, depending on age and service, attributable to seniority/merit; and (d) the assumptions that pension benefits will not increase after retirement. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the fair value of investments over a four year period using a level percent of payroll. The latest actuarial valuation was performed as of June 30, 2007. The unfunded actuarial liability is amortized as level percent-of-payroll on a closed basis over a 9 year period.

Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

CITY OF BIG RAPIDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

Three-Year Trend Information			
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/06	\$284,350	100%	-
6/30/07	300,000	100%	-
6/30/08	300,000	100%	-

Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio Total	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/07	\$5,165,289	\$5,165,289	\$ -	100%	\$54,826	0%

GASB Statement 25 and 50 require supplementary information to be presented after the notes to the financial statements section in this report. The required schedule of funding progress immediately following the notes to the financial statements presents multi year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities of benefits. A stand-alone financial report of the Act 345 defined benefit Plan has not been issued.

8. LONG-TERM DEBT

The following is a summary of the debt transactions of the City for the year ended June 30, 2008:

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008	Due Within One Year
Governmental Activities					
Cemetery fee payable to Big Rapids Charter Township in annual installments of \$15,000 through November 2011; non interest bearing and adjusted annually by the CPI index	\$ 75,000	\$ -	\$ 15,000	\$ 60,000	\$ 15,000
Unlimited Tax General Obligation Bonds, Series 2001; due in annual installments of \$45,000 to \$465,000 through 2021, plus interest at 4.375%	3,995,000	-	145,000	3,850,000	165,000
Total	4,070,000	-	160,000	3,910,000	180,000
Accrued employee benefits	293,904	167,986	195,934	265,956	184,131
Total Governmental Activities	\$4,363,904	\$167,986	\$355,934	\$4,175,956	\$364,131

CITY OF BIG RAPIDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2008</u>	<u>Due Within One Year</u>
Business-type Activities					
Wastewater Treatment System Revenue Bonds, Series 1993, due in annual installments of \$75,000 to \$175,000 through September 1, 2012; plus interest at 5.0%	\$ 925,000	\$ -	\$ 135,000	\$ 790,000	\$ 140,000
Water Supply System Revenue Bonds, series 1999, due in annual installments of \$115,000 to \$130,000 through October 1, 2009; plus interest at 5.375%. (these bonds were partially refunded during the year ended June 30, 2007)	370,000	-	115,000	255,000	125,000
Water Supply System Revenue Refunding Bonds, series 2006, due in annual installments of \$85,000 to \$210,000 through October 1, 2019; plus interest at 4.0% to 4.25%.	2,635,000	-	85,000	2,550,000	90,000
Total before unamortized discounts/premiums	3,930,000	-	335,000	3,595,000	355,000
Unamortized discounts	(10,200)	-	1,700	(8,500)	-
Unamortized premium	47,927	-	3,690	44,237	-
Total Business-type Activities	\$3,967,727	\$ -	\$ 340,390	\$3,630,737	\$355,000

The annual requirements to amortize all debt outstanding (excluding accrued employee benefits) as of June 30, 2008 are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 180,000	\$ 168,438	\$ 355,000	\$ 142,623
2010	195,000	161,218	370,000	124,557
2011	215,000	153,344	385,000	107,625
2012	235,000	144,594	405,000	91,825
2013	240,000	134,968	425,000	75,225
2014-2018	1,555,000	497,654	1,235,000	202,325
2019-2021	1,290,000	115,938	420,000	17,587
Total	\$ 3,910,000	\$1,376,154	\$3,595,000	\$ 761,767

During 2007 the City issued \$2,635,000 of 2006 Water Supply System Refunding Bonds, series 2006 to advance refund \$795,000 of 1995 Water Supply System Revenue Bonds and \$1,770,000 of 1999 Water Supply System Revenue Bonds. At year end, \$1,770,000 of 1995 Water Supply System Revenue Bonds outstanding are considered defeased.

CITY OF BIG RAPIDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

9. RISK MANAGEMENT

The City is self-funded for medical, dental, optical and disability insurance. The claims liability of \$15,036 reported at June 30, 2008 is based on the requirements of Statement No. 10 of the Governmental Accounting Standards Board, which requires that a liability for claims be reported if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated.

The activity of the self-funded insurance is accounted for in the self-insurance internal service fund. An independent administrator is contracted to process the daily claims. An excess coverage insurance policy covers individual claims in excess of \$60,000 per family. There were no changes in insurance coverage from the prior year. The City is responsible for paying administrative charges which are included in this fund. The revenues for this fund's operation are reimbursements from various funds, employee withholdings, and co-payments. The liability at the end of the year included claims already incurred and reported as well as an estimate for claims incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. Settled claims have not exceeded insurance coverage in the history of the self-insurance program, and there have been no significant reductions in insurance coverage from the prior year. The changes in the claims liability for the years ended June 30, 2008 and 2007 were as follows:

<u>Year</u>	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of Year Liability</u>
2007	\$26,344	\$ 924,865	\$ 944,279	\$ 6,930
2008	6,930	1,023,403	1,015,297	15,036

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the government carries commercial insurance and participates in the Michigan Municipal Liability and Property Pool (the Pool). The City is covered for property and liability coverage through the pool. The City's contributions to the Pool are combined with other member contributions to provide members with coverage for property and liability claims. Funds not needed to pay claims or maintain reserves are either distributed to the members or credited toward future contributions. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years. There were no changes in insurance coverage from the prior year.

10. ECONOMIC DEPENDENCY

Ferris State University is a major customer of the City's wastewater, water, and sanitation services. During the year ended June 30, 2008, revenue attributable to charges for these services was recognized in the City's wastewater, water and sanitation funds in the amount of \$613,849, \$581,748, and \$185,613, respectively.

CITY OF BIG RAPIDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

11. LITIGATION

In the normal course of its operations, the City has become a party in various legal actions, including property tax appeals. Management of the City is of the opinion that the outcome of such actions will not have a material effect on the financial position of the City. Amounts reserved for losses related to legal actions have not been included as a liability in the financial statements.

12. DETACHMENT SETTLEMENT

As a result of an election on May 14, 1991, a total of 1,124 acres of City property was detached from the City and transferred to the adjoining Big Rapids Township. Various real property owned by the City of Big Rapids (airport, community swimming pool and cemetery) are located in the detached area. Ownership of the cemetery transferred to the Township by operation of law at the date of detachment.

Negotiations between the City and the Township regarding other City property, apportionment of City assets and debt, and other issues resulted in a Mutual Settlement Agreement between the two units on October 20, 1992. As a result of the settlement, no apportionment of City assets and debt as of the date of detachment was made; the City retained ownership of the airport and swimming pool; and state shared revenues received by the City arising from the detached area from May 14, 1991 to June 30, 1992 were paid to the Township (total amount of \$43,499). State revenue sharing is allocated to the City and Township based on corrected population after that date.

The City also agreed via the Mutual Settlement Agreement to pay the Township an annual fee of \$15,000 beginning November 1, 1992 and continuing for twenty years (increased or decreased annually in proportion to the change in the Consumer Price Index (CPI) each year - or five percent, if lower). At the end of twenty years, the City will begin paying an annual fee equal to one-half of the annual cost of operating the cemetery at that time and then as adjusted for the CPI for the next twenty years with recomputation of the one-half of expenses at the end of each subsequent twenty-year period. The City's obligation shall continue to perpetuity or until the Township is permanently relieved of its obligation to operate and maintain the cemetery.

The \$15,000 fee paid in the current year is reported as an expenditure under the general government function. The City's remaining obligation is reported in the statement of net assets in the governmental activities column, (total amount of \$60,000). No implicit interest was computed under the assumption that the annual change in the CPI will effectively equate to an interest rate that reflects inflation over the time period. No liability has been recorded for amounts payable after the initial twenty-year commitment.

13. SUBSEQUENT EVENT

Subsequent to the City's year end and through the date of our audit report, the investments of the Act 345 retirement plan experienced a decline in value of approximately \$1,500,000.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BIG RAPIDS

REQUIRED SUPPLEMENTARY INFORMATION

MERS DEFINED BENEFIT PLAN SCHEDULE OF FUNDING PROGRESS

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12/31/2005	\$ 7,227,970	\$ 10,276,408	\$ (3,048,438)	70.34%	\$ 1,831,176	166.47%
12/31/2006	7,810,016	10,806,459	(2,996,443)	72.27%	1,847,975	162.15%
12/31/2007	8,452,036	12,198,888	(3,746,852)	69.29%	1,449,245	258.54%

CITY OF BIG RAPIDS

REQUIRED SUPPLEMENTARY INFORMATION

Act 345 Plan SCHEDULE OF FUNDING PROGRESS

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
6/30/1998	\$ 4,711,176	\$ 5,046,142	\$ (334,966)	93.36%	\$ 549,695	60.94%
6/30/1999	5,173,626	5,402,255	(228,629)	95.77%	446,090	51.25%
6/30/2000	5,371,685	5,371,685	-	100.00%	428,358	0.00%
6/30/2001	5,435,591	5,435,591	-	100.00%	375,274	0.00%
6/30/2002	5,322,976	5,322,976	-	100.00%	406,535	0.00%
6/30/2003	5,128,457	5,128,457	-	100.00%	364,277	0.00%
6/30/2004	5,027,953	5,027,953	-	100.00%	240,029	0.00%
6/30/2005	4,880,967	4,880,967	-	100.00%	53,108	0.00%
6/30/2006	4,982,431	4,982,431	-	100.00%	54,826	0.00%
6/30/2007	5,165,289	5,165,289	-	100.00%	54,826	0.00%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Year Ended June 30</u>	<u>Annual required Contribution</u>	<u>Actual Contribution</u>	<u>Percent Contributed</u>
1999	\$ 113,072	\$ 113,072	100%
2000	134,817	134,817	100%
2001	84,529	84,529	100%
2002	82,486	82,486	100%
2003	102,454	102,454	100%
2004	167,862	167,862	100%
2005	160,172	160,172	100%
2006	284,350	284,350	100%
2007	300,000	300,000	100%
2008	300,000	300,000	100%

CITY OF BIG RAPIDS

REQUIRED SUPPLEMENTARY INFORMATION

Act 345 Plan Summary of Actuarial Methods and Assumptions

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the date indicated. Additional information as of the latest actuarial valuation follows

Valuation date	6/30/2007
Actuarial cost Method	Aggregate actuarial cost method
Amortization method	Level percentage of active payroll over future working lifetime
Remaining amortization period	9 years
Asset valuation method	4 year smoothing
Actuarial assumptions	
Investment rate of return*	7.00%
Projected salary increases	4.0%-7.0%
Cost-of-living adjustments	N/A
Assumed rate of membership growth	0%

* includes inflation at 4%

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

CITY OF BIG RAPIDS

GENERAL FUND

DESCRIPTION OF FUND

GENERAL FUND

The General Fund is used to account for all financial transactions not properly accounted for in another fund. The transactions relating to the general government activities of the City, which are financed by property and income taxes, by distribution of state revenues, and by revenues from various municipal activities and services, are recorded in this fund. Costs for City administration are accounted for in this fund. The other operating funds make contributions to the General Fund for overhead or administrative costs which are allocated to each fund. These contributions are reported as transfers in.

CITY OF BIG RAPIDS

GENERAL FUND SCHEDULE OF EXPENDITURES BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current				
General government				
City Commission	\$ 88,500	\$ 88,500	\$ 78,984	\$ 9,516
City Managers office	152,000	157,200	153,831	3,369
Elections	20,000	20,000	10,695	9,305
Assessor	136,000	151,900	149,068	2,832
City attorney	172,800	182,500	195,484	(12,984)
Clerks office	337,500	336,900	330,079	6,821
Treasurers office	441,800	415,200	408,752	6,448
Income tax administration	97,200	102,500	102,321	179
Information management	461,900	468,000	405,761	62,239
Public buildings	103,400	107,000	85,787	21,213
Neighborhood services	289,400	288,300	274,526	13,774
Planning board	4,600	7,200	6,396	804
	<u>2,305,100</u>	<u>2,325,200</u>	<u>2,201,684</u>	<u>123,516</u>
Public safety				
Police Department	1,844,300	1,938,000	1,862,507	75,493
Fire Department	860,900	934,200	911,383	22,817
Other public safety	303,700	307,300	304,896	2,404
	<u>3,008,900</u>	<u>3,179,500</u>	<u>3,078,786</u>	<u>100,714</u>
Public works				
Public service	382,800	474,800	473,827	973
Sidewalks, alleys and storm sewers	145,100	145,100	125,969	19,131
Parking	67,300	103,500	89,789	13,711
City engineer	251,300	185,900	169,292	16,608
City decorations	61,700	61,700	55,563	6,137
	<u>908,200</u>	<u>971,000</u>	<u>914,440</u>	<u>56,560</u>
Culture and recreation				
Parks	287,900	295,100	277,529	17,571
Recreation program	44,800	55,000	42,680	12,320
	<u>332,700</u>	<u>350,100</u>	<u>320,209</u>	<u>29,891</u>
Debt service				
Principal	145,000	145,000	145,000	-
Interest and fiscal charges	175,800	175,800	175,031	769
	<u>320,800</u>	<u>320,800</u>	<u>320,031</u>	<u>769</u>
Total expenditures	<u>\$ 6,875,700</u>	<u>\$ 7,146,600</u>	<u>\$ 6,835,150</u>	<u>\$ 311,450</u>

CITY OF BIG RAPIDS
NONMAJOR GOVERNMENTAL FUNDS
DESCRIPTION OF FUNDS

SPECIAL REVENUE FUNDS

Local Streets Fund - This fund is used to account for the receipt and expenditures of state shared gas and weight taxes under Act 51, P.A. 1951 as amended which are for use on local streets within the City. Gas and weight taxes are distributed to cities and villages in Michigan on the basis of population and the number of miles of streets.

Library Fund - This fund is used to account separately for activities of the City Library.

Pool - This fund is used to account for revenues and expenditures resulting from pool operations.

Roben-Hood Airport - This fund is used to account for the revenues and expenditures of airport operations.

Jennings Fund - This fund is used to account for donations and income which is legally restricted for the purpose of the gift which supports City activities.

Miller and Ahlgren - This fund was established in May 1986. The donors have assisted the City to obtain a historical marker designating Swede Hill as a memorial commemorating the Scandinavian heritage and memory of early Big Rapids settlers.

Riverwalk Fund - This fund is used to account for donations and expenditures related to the City Riverwalk.

River Safety Fund - This fund is used to account for donations and expenditures related to river safety.

Band Shell - This fund is used to account for donations and expenditures related to the Band Shell.

CAPITAL PROJECTS

Capital Projects - These funds are used to account for the accumulation and disbursement of resources for the construction of capital assets. (City Hall Project and Library Improvement)

PERMANENT FUND

Playscape Fund - This fund is used to account for donations and expenditures related to the City Playscape Park for which only the interest on the corpus may be expended.

CITY OF BIG RAPIDS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2008

	Special Revenue					
	<u>Local Streets</u>	<u>Library</u>	<u>Pool</u>	<u>VSCI</u>	<u>Roben-Hood Airport</u>	<u>Jennings</u>
Assets						
Cash and pooled investments	\$ 447,952	\$ 33,294	\$ 44,928	\$ 679,088	\$ 25,000	\$ 4,741
Accounts receivable	-	-	14,000	-	10,281	-
Prepaid	-	400	415	-	-	-
Due from other governments	25,646	6,845	-	-	-	-
Inventory	-	-	-	-	34,286	-
Total assets	<u>\$ 513,577</u>	<u>\$ 40,539</u>	<u>\$ 59,343</u>	<u>\$ 679,088</u>	<u>\$ 69,567</u>	<u>\$ 4,741</u>
Liabilities and fund balances						
Liabilities						
Accounts payable	\$ -	\$ 5,560	\$ 9,252	\$ 14,401	\$ 6,100	\$ -
Accrued liabilities	-	5,835	8,071	-	-	-
Due to other funds	-	-	-	-	61,527	-
Deferred revenue	39,979	-	-	-	-	-
Total liabilities	<u>39,979</u>	<u>11,395</u>	<u>17,323</u>	<u>14,401</u>	<u>67,627</u>	<u>-</u>
Fund balances						
Reserved						
Restricted contributions	-	-	-	-	-	4,741
Permanent fund corpus	-	-	-	-	-	-
Inventory	-	-	-	-	34,286	-
Unreserved						
Undesignated	473,598	29,144	42,020	664,687	(32,346)	-
Total fund balances	<u>473,598</u>	<u>29,144</u>	<u>42,020</u>	<u>664,687</u>	<u>1,940</u>	<u>4,741</u>
Total liabilities and fund balances	<u>\$ 513,577</u>	<u>\$ 40,539</u>	<u>\$ 59,343</u>	<u>\$ 679,088</u>	<u>\$ 69,567</u>	<u>\$ 4,741</u>

				Capital Projects		Permanent	
<u>Miller and Ahlgren</u>	<u>Riverwalk</u>	<u>River Safety</u>	<u>Band Shell</u>	<u>City Hall Project</u>	<u>Library Improvement</u>	<u>Playscape</u>	<u>Total</u>
\$ 5,492	\$ 3,491	\$ 11,692	\$ 1	\$ 65,074	\$ 238,002	\$ 19,139	\$ 1,577,894
-	-	-	-	-	-	-	24,281
-	-	-	-	-	-	-	815
-	-	-	-	-	-	-	32,491
-	-	-	-	-	-	-	34,286
<u>\$ 5,492</u>	<u>\$ 3,491</u>	<u>\$ 11,692</u>	<u>\$ 1</u>	<u>\$ 65,074</u>	<u>\$ 238,002</u>	<u>\$ 19,139</u>	<u>\$ 1,709,746</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,060	\$ 36,373
-	-	-	-	-	-	-	13,906
-	-	-	-	-	-	-	61,527
-	-	-	-	-	-	-	39,979
-	-	-	-	-	-	1,060	151,785
5,492	3,491	-	-	-	-	-	13,724
-	-	-	-	-	-	17,000	17,000
-	-	-	-	-	-	-	34,286
-	-	11,692	1	65,074	238,002	1,079	1,492,951
<u>5,492</u>	<u>3,491</u>	<u>11,692</u>	<u>1</u>	<u>65,074</u>	<u>238,002</u>	<u>18,079</u>	<u>1,557,961</u>
<u>\$ 5,492</u>	<u>\$ 3,491</u>	<u>\$ 11,692</u>	<u>\$ 1</u>	<u>\$ 65,074</u>	<u>\$ 238,002</u>	<u>\$ 19,139</u>	<u>\$ 1,709,746</u>

CITY OF BIG RAPIDS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2008

	Special Revenue					
	<u>Local Streets</u>	<u>Library</u>	<u>Pool</u>	<u>VSCI</u>	<u>Roben-Hood Airport</u>	<u>Jennings</u>
Revenues						
Intergovernmental revenues						
State	\$ 156,508	\$ 13,645	\$ -	\$ -	\$ 2,920	\$ -
Charges for services	-	3,332	30,456	-	112,956	-
Fines	-	129,029	-	-	-	-
Special assessments	14,646	-	-	-	-	-
Investment earnings	24,517	1,094	1,073	-	409	248
Miscellaneous	5,092	14,457	14,087	-	-	-
Total revenues	<u>200,763</u>	<u>161,557</u>	<u>45,616</u>	<u>-</u>	<u>116,285</u>	<u>248</u>
Expenditures						
Current						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	357,078	-	-	35,313	-	-
Culture and recreation	-	352,328	147,633	-	247,714	-
Total expenditures	<u>357,078</u>	<u>352,328</u>	<u>147,633</u>	<u>35,313</u>	<u>247,714</u>	<u>-</u>
Revenues over (under) expenditures	<u>(156,315)</u>	<u>(190,771)</u>	<u>(102,017)</u>	<u>(35,313)</u>	<u>(131,429)</u>	<u>248</u>
Other financing sources (uses)						
Transfers in	140,000	240,000	140,000	700,000	125,000	-
Transfers out	(64,400)	(34,600)	(13,000)	-	(16,800)	-
Total other financing sources (uses)	<u>75,600</u>	<u>205,400</u>	<u>127,000</u>	<u>700,000</u>	<u>108,200</u>	<u>-</u>
Net changes in fund balances	<u>(80,715)</u>	<u>14,629</u>	<u>24,983</u>	<u>664,687</u>	<u>(23,229)</u>	<u>248</u>
Fund balances, beginning of year	<u>554,313</u>	<u>14,515</u>	<u>17,037</u>	<u>-</u>	<u>25,169</u>	<u>4,493</u>
Fund balances, end of year	<u>\$ 473,598</u>	<u>\$ 29,144</u>	<u>\$ 42,020</u>	<u>\$ 664,687</u>	<u>\$ 1,940</u>	<u>\$ 4,741</u>

Capital Projects							Permanent
<u>Miller and Ahlgren</u>	<u>Riverwalk</u>	<u>River Safety</u>	<u>Band Shell</u>	<u>City Hall Project</u>	<u>Library Improvement</u>	<u>Playscape</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 173,073
-	-	-	-	-	-	-	146,744
-	-	-	-	-	-	-	129,029
-	-	-	-	-	-	-	14,646
286	142	348	-	3,267	11,829	1,046	44,259
-	6,900	13,250	-	-	-	-	53,786
<u>286</u>	<u>7,042</u>	<u>13,598</u>	<u>-</u>	<u>3,267</u>	<u>11,829</u>	<u>1,046</u>	<u>561,537</u>
-	-	-	-	5,886	-	-	5,886
-	-	26,850	-	-	-	-	26,850
-	-	-	-	-	-	-	392,391
-	6,900	-	-	-	2,136	2,060	758,771
-	6,900	26,850	-	5,886	2,136	2,060	1,183,898
<u>286</u>	<u>142</u>	<u>(13,252)</u>	<u>-</u>	<u>(2,619)</u>	<u>9,693</u>	<u>(1,014)</u>	<u>(622,361)</u>
-	-	-	-	5,000	155,000	-	1,505,000
-	-	-	-	-	-	-	(128,800)
-	-	-	-	5,000	155,000	-	1,376,200
286	142	(13,252)	-	2,381	164,693	(1,014)	753,839
5,206	3,349	24,944	1	62,693	73,309	19,093	804,122
<u>\$ 5,492</u>	<u>\$ 3,491</u>	<u>\$ 11,692</u>	<u>\$ 1</u>	<u>\$ 65,074</u>	<u>\$ 238,002</u>	<u>\$ 18,079</u>	<u>\$ 1,557,961</u>

CITY OF BIG RAPIDS

LOCAL STREETS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
Revenues				
Intergovernmental revenues				
State	\$ 160,000	\$ 160,000	\$ 156,508	\$ (3,492)
Charges for services	-	-	-	-
Fines	-	-	-	-
Special assessment	-	-	14,646	14,646
Investment earnings	20,200	23,000	24,517	1,517
Miscellaneous	2,000	5,500	5,092	(408)
Total revenues	182,200	188,500	200,763	12,263
Expenditures				
Current				
Public works	632,000	729,000	357,078	371,922
Revenues over (under) expenditures	(449,800)	(540,500)	(156,315)	384,185
Other financing source (uses)				
Transfers in	140,000	140,000	140,000	-
Transfers out	(57,200)	(64,400)	(64,400)	-
Total other financing sources (uses)	82,800	75,600	75,600	-
Net changes in fund balance	(367,000)	(464,900)	(80,715)	384,185
Fund balance, beginning of year	554,313	554,313	554,313	-
Fund balance, end of year	\$ 187,313	\$ 89,413	\$ 473,598	\$ 384,185

CITY OF BIG RAPIDS

LIBRARY FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
Revenues				
Intergovernmental revenues				
State	\$ 12,000	\$ 12,000	\$ 13,645	\$ 1,645
Charges for services	3,500	3,500	3,332	(168)
Fines	142,500	142,500	129,029	(13,471)
Special assessment	-	-	-	-
Investment earnings	6,600	6,600	1,094	(5,506)
Miscellaneous	13,600	13,600	14,457	857
Total Revenues	178,200	178,200	161,557	(16,643)
Expenditures				
Current				
Culture and recreation	383,600	383,600	352,328	31,272
Revenues over (under) expenditures	(205,400)	(205,400)	(190,771)	14,629
Other financing source (uses)				
Transfers in	240,000	240,000	240,000	-
Transfers out	(34,600)	(34,600)	(34,600)	-
Total other financing sources (uses)	205,400	205,400	205,400	-
Net changes in fund balance	-	-	14,629	14,629
Fund balance, beginning of year	14,515	14,515	14,515	-
Fund balance, end of year	<u>\$ 14,515</u>	<u>\$ 14,515</u>	<u>\$ 29,144</u>	<u>\$ 14,629</u>

CITY OF BIG RAPIDS

POOL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
Revenues				
Intergovernmental revenues				
State	\$ -	\$ -	\$ -	\$ -
Charges for services	29,300	31,300	30,456	(844)
Fines	-	-	-	-
Special assessment	-	-	-	-
Investment earnings	5,000	5,000	1,073	(3,927)
Miscellaneous	100	100	14,087	13,987
Total revenues	34,400	36,400	45,616	9,216
Expenditures				
Current				
Culture and recreation	108,900	152,900	147,633	5,267
Revenues over (under) expenditures	(74,500)	(116,500)	(102,017)	14,483
Other financing source (uses)				
Transfers in	140,000	140,000	140,000	-
Transfers out	(13,000)	(13,000)	(13,000)	-
Total other financing sources (uses)	127,000	127,000	127,000	-
Net changes in fund balance	52,500	10,500	24,983	14,483
Fund balance, beginning of year	17,037	17,037	17,037	-
Fund balance, end of year	\$ 69,537	\$ 27,537	\$ 42,020	\$ 14,483

CITY OF BIG RAPIDS

VIBRANT SMALL CITIES INITIATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
Revenues				
Intergovernmental revenues				
State	\$ -	\$ 1,000,000	\$ -	\$ (1,000,000)
Charges for services	-	-	-	-
Fines	-	-	-	-
Special assessment	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	355,250	-	(355,250)
Total revenues	-	1,355,250	-	(1,355,250)
Expenditures				
Current				
Public works	-	2,000,000	35,313	1,964,687
Revenues over (under) expenditures	-	(644,750)	(35,313)	609,437
Other financing source (uses)				
Transfers in	-	1,000,000	700,000	(300,000)
Transfers out	-	-	-	-
Total other financing sources (uses)	-	1,000,000	700,000	(300,000)
Net changes in fund balance	-	355,250	664,687	309,437
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ 355,250	\$ 664,687	\$ 309,437

CITY OF BIG RAPIDS

ROBEN-HOOD AIRPORT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
Revenues				
Intergovernmental revenues				
State	\$ -	\$ -	\$ 2,920	\$ 2,920
Charges for services	63,700	101,100	112,956	11,856
Fines	-	-	-	-
Special assessment	-	-	-	-
Investment earnings	8,500	8,500	409	(8,091)
Miscellaneous	500	500	-	(500)
Total revenues	<u>72,700</u>	<u>110,100</u>	<u>116,285</u>	<u>6,185</u>
Expenditures				
Current				
Culture and recreation	<u>178,900</u>	<u>248,300</u>	<u>247,714</u>	<u>586</u>
Revenues over (under) expenditures	<u>(106,200)</u>	<u>(138,200)</u>	<u>(131,429)</u>	<u>6,771</u>
Other financing source (uses)				
Transfers in	100,000	125,000	125,000	-
Transfers out	<u>(16,800)</u>	<u>(16,800)</u>	<u>(16,800)</u>	<u>-</u>
Total other financing sources (uses)	<u>83,200</u>	<u>108,200</u>	<u>108,200</u>	<u>-</u>
Net changes in fund balance	(23,000)	(30,000)	(23,229)	6,771
Fund balance, beginning of year	<u>25,169</u>	<u>25,169</u>	<u>25,169</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,169</u>	<u>\$ (4,831)</u>	<u>\$ 1,940</u>	<u>\$ 6,771</u>

CITY OF BIG RAPIDS

JENNINGS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
Revenues				
Intergovernmental revenues				
State	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Fines	-	-	-	-
Special assessment	-	-	-	-
Investment earnings	200	300	248	(52)
Miscellaneous	-	-	-	-
Total Revenues	200	300	248	(52)
Expenditures				
Current				
Culture and recreation	-	1,800	-	1,800
Net changes in fund balance	200	(1,500)	248	1,748
Fund balance, beginning of year	4,493	4,493	4,493	-
Fund balance, end of year	<u>\$ 4,693</u>	<u>\$ 2,993</u>	<u>\$ 4,741</u>	<u>\$ 1,748</u>

CITY OF BIG RAPIDS

MILLER AND AHLGREN FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental revenues				
State	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Fines	-	-	-	-
Special assessment	-	-	-	-
Investment earnings	200	300	286	(14)
Miscellaneous	-	-	-	-
Total Revenues	200	300	286	(14)
Expenditures				
Current				
General government	-	-	-	-
Net changes in fund balance	200	300	286	(14)
Fund balance, beginning of year	5,206	5,206	5,206	-
Fund balance, end of year	<u>\$ 5,406</u>	<u>\$ 5,506</u>	<u>\$ 5,492</u>	<u>\$ (14)</u>

CITY OF BIG RAPIDS

RIVERWALK FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
Revenues				
Intergovernmental revenues				
State	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Fines	-	-	-	-
Special assessment	-	-	-	-
Investment earnings	-	-	142	142
Miscellaneous	-	7,100	6,900	(200)
Total Revenues	-	7,100	7,042	(58)
Expenditures				
Current				
Culture and recreation	-	6,900	6,900	-
Net changes in fund balance	-	200	142	(58)
Fund balance, beginning of year	<u>3,349</u>	<u>3,349</u>	<u>3,349</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,349</u>	<u>\$ 3,549</u>	<u>\$ 3,491</u>	<u>\$ (58)</u>

CITY OF BIG RAPIDS

RIVER SAFETY FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenues				
State	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Fines	-	-	-	-
Special assessment	-	-	-	-
Investment earnings	-	-	348	348
Miscellaneous	-	13,600	13,250	(350)
Total Revenues	-	13,600	13,598	(2)
Expenditures				
Current				
Public safety	-	34,500	26,850	7,650
Net changes in fund balance	-	(20,900)	(13,252)	7,648
Fund balance, beginning of year	24,944	24,944	24,944	-
Fund balance, end of year	\$ 24,944	\$ 4,044	\$ 11,692	\$ 7,648

CITY OF BIG RAPIDS

BAND SHELL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
Revenues				
Intergovernmental revenues				
State	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Fines	-	-	-	-
Special assessment	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	-	-	-	-
Expenditures				
Current				
Culture and recreation	-	-	-	-
Net changes in fund balance	-	-	-	-
Fund balance, beginning of year	1	1	1	-
Fund balance, end of year	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>

CITY OF BIG RAPIDS
NONMAJOR ENTERPRISE FUNDS
DESCRIPTION OF FUND

ENTERPRISE FUNDS

Transportation fund - This fund is used to account for the activities of the Dial-a-Ride Transportation system which provides demand/response transportation services to the Big Rapids Area.

CITY OF BIG RAPIDS
NONMAJOR ENTERPRISE FUNDS
STATEMENT OF NET ASSETS

JUNE 30, 2008

Assets	<u>Transportation</u>
Current assets	
Cash and pooled investments	\$ -
Accounts receivable	107
Due from other governments	31,353
Prepaid items	1,131
Total current assets	<u>32,591</u>
Vehicles and equipment	622,875
Less accumulated depreciation	<u>(593,391)</u>
Net capital assets	<u>29,484</u>
Total assets	<u>62,075</u>
Liabilities	
Current liabilities	
Accounts payable	2,558
Accrued liabilities	5,731
Due to other funds	<u>30,898</u>
Total liabilities	<u>39,187</u>
Net assets	
Investment in capital assets net of related debt	29,484
Unrestricted (deficit)	<u>(6,596)</u>
Total net assets	<u>\$ 22,888</u>

CITY OF BIG RAPIDS
NONMAJOR ENTERPRISE FUNDS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Transportation</u>
Operating revenue	
Charges for services	\$ 68,031
Total operating revenue	<u>68,031</u>
Operating expense	
Salaries and wages	221,064
Benefits	44,718
Materials and supplies	2,446
Gas and oil	43,807
Utilities	7,474
Repair and maintenance	37,896
Contracted services	2,200
Professional fees	3,000
Insurance	6,999
Depreciation	77,083
Miscellaneous	<u>562</u>
Total operating expense	<u>447,249</u>
Operating income (loss)	<u>(379,218)</u>
Non-operating revenue (expense)	
Federal grants	87,938
State grants	195,421
Investment earnings	<u>32</u>
Total non-operating revenue (expense)	<u>283,391</u>
Income (loss) before transfers	(95,827)
Transfers in	72,000
Transfers out	<u>(32,000)</u>
Changes in net assets	(55,827)
Net assets, beginning of year	<u>78,715</u>
Net assets, end of year	<u>\$ 22,888</u>

CITY OF BIG RAPIDS

NONMAJOR ENTERPRISE FUNDS STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Transportation</u>
Cash flows from operating activities	
Receipts from customers and users	\$ 67,493
Payments to employees	(271,891)
Payments to suppliers	(102,409)
Operating grants	<u>219,854</u>
Net cash provided by (used in) operating activities	<u>(86,953)</u>
Cash flows from non-capital financing activities	
Loan from other funds	30,898
Transfers in	72,000
Transfers out	<u>(32,000)</u>
Net cash provided by (used in) non-capital financing activities	<u>70,898</u>
Cash flows from investing activities	
Interest income	<u>32</u>
Net cash provided by (used in) investing activities	<u>32</u>
Net increase (decrease) in cash and pooled investments	(16,023)
Cash and pooled investments, beginning of year	<u>16,023</u>
Cash and pooled investments, end of year	<u>\$ -</u>
Cash flows from operating activities	
Operating income (loss)	\$ (379,218)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Depreciation	77,083
Operating grants	219,854
Change in operating assets and liabilities which provided (used) cash	
Accounts receivable	538
Prepaid items	(1,131)
Accounts payable	2,030
Accrued liabilities	<u>(6,109)</u>
Net cash provided by (used in) operating activities	<u>\$ (86,953)</u>

CITY OF BIG RAPIDS
INTERNAL SERVICE FUNDS
DESCRIPTION OF FUNDS

INTERNAL SERVICE FUNDS

Motor Pool Fund - This fund is used to account for the purchase, maintenance and operation of most motor vehicles and other equipment for City operations. The equipment is rented to the other operating funds at hourly rental rates to cover costs of the fund.

D.P.W Service Fund - This fund is used to facilitate the accounting for supervision, labor and fringe benefits of the Public Works Department. Revenues of this fund represent allocations of these costs to the various funds based on the actual salary cost of Public Works Department employees in each fund.

Self-Insurance Fund - This fund is used to account for revenues collected from user departments for the payment of costs incurred to administer the self-funded health insurance program, third party administrative expenses and actual health claims paid.

CITY OF BIG RAPIDS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS

JUNE 30, 2008

	Motor Pool	DPW Service	Self Insurance	Total
Assets				
Current assets				
Cash and pooled investments	\$ 421,431	\$ 39,912	\$ 307,710	\$ 769,053
Accounts receivable	-	652	470	1,122
Prepaid and other assets	2,933	24,954	109,447	137,334
Inventory	81,332	-	-	81,332
Total current assets	<u>505,696</u>	<u>65,518</u>	<u>417,627</u>	<u>988,841</u>
Capital assets				
Buildings and equipment	691,614	-	-	691,614
Vehicles	2,361,216	-	-	2,361,216
Less accumulated depreciation	(2,048,813)	-	-	(2,048,813)
Net capital assets	<u>1,004,017</u>	<u>-</u>	<u>-</u>	<u>1,004,017</u>
Total assets	<u>1,509,713</u>	<u>65,518</u>	<u>417,627</u>	<u>1,992,858</u>
Liabilities				
Current liabilities				
Accounts payable	7,045	-	15,036	22,081
Accrued liabilities	9,763	64,247	-	74,010
Total liabilities	<u>16,808</u>	<u>64,247</u>	<u>15,036</u>	<u>96,091</u>
Net assets				
Investment in capital assets net of related debt	1,004,017	-	-	1,004,017
Unrestricted	488,888	1,271	402,591	892,750
Total net assets	<u>\$ 1,492,905</u>	<u>\$ 1,271</u>	<u>\$ 402,591</u>	<u>\$ 1,896,767</u>

CITY OF BIG RAPIDS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Motor Pool</u>	<u>Buildings DPW Service</u>	<u>Self Insurance</u>	<u>Total</u>
Operating revenue				
Charges for services	\$ 803,768	\$ 774,411	\$ 961,231	\$ 2,539,410
Other	<u>3,155</u>	<u>4,787</u>	<u>-</u>	<u>7,942</u>
Total operating revenue	<u>806,923</u>	<u>779,198</u>	<u>961,231</u>	<u>2,547,352</u>
Operating expense				
Salaries and wages	130,491	511,667	-	642,158
Benefits	71,432	271,629	-	343,061
Materials and supplies	5,494	-	-	5,494
Gas and oil	123,487	-	-	123,487
Utilities	23,297	-	-	23,297
Repair and maintenance	101,199	-	-	101,199
Equipment rentals	9,686	-	-	9,686
Contracted services	2,075	-	29,989	32,064
Professional fees	1,120	-	1,500	2,620
Insurance	40,823	-	983,808	1,024,631
Depreciation	199,941	-	-	199,941
Miscellaneous	<u>329</u>	<u>-</u>	<u>-</u>	<u>329</u>
Total operating expense	<u>709,374</u>	<u>783,296</u>	<u>1,015,297</u>	<u>2,507,967</u>
Operating income (loss)	<u>97,549</u>	<u>(4,098)</u>	<u>(54,066)</u>	<u>39,385</u>
Non-operating revenue (expense)				
Miscellaneous	16,720	-	-	16,720
Interest income	<u>20,871</u>	<u>-</u>	<u>17,266</u>	<u>38,137</u>
Total non-operating revenue (expense)	<u>37,591</u>	<u>-</u>	<u>17,266</u>	<u>54,857</u>
Income (loss) before transfers	135,140	(4,098)	(36,800)	94,242
Transfers in	-	53,000	-	53,000
Transfers out	<u>(66,800)</u>	<u>(10,000)</u>	<u>-</u>	<u>(76,800)</u>
Changes in net assets	68,340	38,902	(36,800)	70,442
Net assets (deficit), beginning of year	<u>1,424,565</u>	<u>(37,631)</u>	<u>439,391</u>	<u>1,826,325</u>
Net assets, end of year	<u>\$ 1,492,905</u>	<u>\$ 1,271</u>	<u>\$ 402,591</u>	<u>\$ 1,896,767</u>

CITY OF BIG RAPIDS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Motor Pool</u>	<u>Buildings DPW Service</u>	<u>Self Insurance</u>	<u>Total</u>
Cash flows from operating activities				
Receipts from internal services provided	\$ 806,923	\$ 778,546	\$ 961,146	\$ 2,546,615
Payments to employees	(204,647)	(802,144)	-	(1,006,791)
Payments to suppliers	(313,571)	-	(988,328)	(1,301,899)
Net cash provided by (used in) operating activities	<u>288,705</u>	<u>(23,598)</u>	<u>(27,182)</u>	<u>237,925</u>
Cash flows from non-capital financing activities				
Transfers out	(66,800)	(10,000)	-	(76,800)
Cash flows from capital and related financing activities				
Proceeds on sale of capital assets	16,720	-	-	16,720
Acquisitions of capital assets	(129,414)	-	-	(129,414)
Net cash provided by (used in) capital and related financing activities	<u>(112,694)</u>	<u>-</u>	<u>-</u>	<u>(112,694)</u>
Cash flows from investing activities				
Interest income	20,871	-	17,266	38,137
Net increase (decrease) in cash and pooled investments	<u>130,082</u>	<u>19,402</u>	<u>(9,916)</u>	<u>139,568</u>
Cash and pooled investments, beginning of year	<u>291,349</u>	<u>20,510</u>	<u>317,626</u>	<u>629,485</u>
Cash and pooled investments, end of year	<u>\$ 421,431</u>	<u>\$ 39,912</u>	<u>\$ 307,710</u>	<u>\$ 769,053</u>
Cash flows from operating activities				
Operating income (loss)	\$ 97,549	\$ (4,098)	\$ (54,066)	\$ 39,385
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	199,941	-	-	199,941
Change in operating assets and liabilities which provided (used) cash				
Accounts receivable	-	(652)	(85)	(737)
Prepaid and other assets	(2,933)	(24,954)	18,863	(9,024)
Inventory	(8,313)	-	-	(8,313)
Accounts payable	5,185	-	8,106	13,291
Accrued liabilities	(2,724)	6,106	-	3,382
Net cash provided by (used in) operating activities	<u>\$ 288,705</u>	<u>\$ (23,598)</u>	<u>\$ (27,182)</u>	<u>\$ 237,925</u>

CITY OF BIG RAPIDS

AGENCY FUNDS

DESCRIPTION OF AGENCY FUNDS

AGENCY FUNDS

Current Tax Fund - This fund is used to record the receipt and transfers of property taxes collected by the City on behalf of the state county, school districts and other governments.

Payroll Fund - This fund is used to account for receipt and disbursement of payroll withholdings.

Housing Commission Payroll Fund - This fund is used to account for receipt and disbursement associated with performing the payroll function for the Big Rapids Housing Commission.

CITY OF BIG RAPIDS
AGENCY FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2008

	<u>Current tax</u> <u>Fund</u>	<u>Payroll</u> <u>Fund</u>	<u>Housing</u> <u>Commission</u> <u>Payroll</u> <u>Fund</u>	<u>Total</u>
Assets				
Cash and pooled investments	\$ 764	\$ 79,269	\$ -	\$ 80,033
Accounts receivable	<u>72,057</u>	<u>-</u>	<u>-</u>	<u>72,057</u>
Total assets	<u>\$ 72,821</u>	<u>\$ 79,269</u>	<u>\$ -</u>	<u>\$ 152,090</u>
Liabilities				
Accounts payable	\$ -	\$ 39,269	\$ -	\$ 39,269
Due to other governmental units	<u>72,821</u>	<u>-</u>	<u>-</u>	<u>72,821</u>
Advances from other funds	<u>-</u>	<u>40,000</u>	<u>-</u>	<u>40,000</u>
Total liabilities	<u>\$ 72,821</u>	<u>\$ 79,269</u>	<u>\$ -</u>	<u>\$ 152,090</u>

CITY OF BIG RAPIDS

AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES FOR THE YEAR ENDED JUNE 30, 2008

<u>Current tax collection fund</u>				
	<u>Balance</u>			<u>Balance</u>
	<u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2008</u>
Assets				
Cash and pooled investments	\$ 3,882	\$ 21,230,116	\$ 21,233,234	\$ 764
Accounts receivable	<u>76,111</u>	<u>7,333,157</u>	<u>7,337,211</u>	<u>72,057</u>
Total assets	<u>\$ 79,993</u>	<u>\$ 28,563,273</u>	<u>\$ 28,570,445</u>	<u>\$ 72,821</u>
 Liabilities				
Due to other governments	\$ <u>79,993</u>	\$ <u>13,963,261</u>	\$ <u>13,970,433</u>	\$ <u>72,821</u>
Total liabilities	<u>\$ 79,993</u>	<u>\$ 13,963,261</u>	<u>\$ 13,970,433</u>	<u>\$ 72,821</u>
 <u>Payroll Fund</u>				
Assets				
Cash and pooled investments	\$ <u>91,446</u>	\$ <u>17,314,991</u>	\$ <u>17,327,168</u>	\$ <u>79,269</u>
Total assets	<u>\$ 91,446</u>	<u>\$ 17,314,991</u>	<u>\$ 17,327,168</u>	<u>\$ 79,269</u>
 Liabilities				
Accounts payable	\$ 51,446	\$ 5,932,030	\$ 5,944,207	\$ 39,269
Advance from other funds	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>40,000</u>
Total liabilities	<u>\$ 91,446</u>	<u>\$ 5,932,030</u>	<u>\$ 5,944,207</u>	<u>\$ 79,269</u>

(Continued)

CITY OF BIG RAPIDS

AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2008

<u>Housing Commission Payroll Fund</u>				
	<u>Balance</u>			<u>Balance</u>
	<u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2008</u>
Assets				
Cash and pooled investments	\$ -	\$ 720,993	\$ 720,993	\$ -
Total assets	<u>\$ -</u>	<u>\$ 720,993</u>	<u>\$ 720,993</u>	<u>\$ -</u>
Liabilities				
Accounts payable	\$ -	\$ 689,022	\$ 689,022	\$ -
Total liabilities	<u>\$ -</u>	<u>\$ 689,022</u>	<u>\$ 689,022</u>	<u>\$ -</u>
<u>Total agency funds</u>				
Assets				
Cash and pooled investments	\$ 95,328	\$ 39,266,100	\$ 39,281,395	\$ 80,033
Accounts receivable	<u>76,111</u>	<u>7,333,157</u>	<u>7,337,211</u>	<u>72,057</u>
Total assets	<u>\$ 171,439</u>	<u>\$ 46,599,257</u>	<u>\$ 46,618,606</u>	<u>\$ 152,090</u>
Liabilities				
Accounts payable	\$ 51,446	\$ 6,621,052	\$ 6,633,229	\$ 39,269
Due to other governments	79,993	13,963,261	13,970,433	72,821
Advance from other funds	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>40,000</u>
Total liabilities	<u>\$ 171,439</u>	<u>\$ 20,584,313</u>	<u>\$ 20,603,662</u>	<u>\$ 152,090</u>

(Concluded)

CITY OF BIG RAPIDS

COMPONENT UNITS

DESCRIPTION OF COMPONENT UNITS

COMPONENT UNITS

Downtown Development Authority - The DDA is used to account for activities designed to correct and prevent deterioration in the downtown area and promote economic growth within downtown.

Brownfield Redevelopment Authority - The Brownfield development authority is used to account for captured tax revenue on specific properties within the City that have been identified and approved by the State of Michigan as Brownfields requiring site reclamation. These revenues are used to reimburse property owners for expenditures incurred for Brownfield cleanup.

CITY OF BIG RAPIDS

DOWNTOWN DEVELOPMENT AUTHORITY COMBINING BALANCE SHEET/STATEMENT OF NET ASSETS

JUNE 30, 2008

	Governmental Fund Type General Fund	Adjustments	Statement of Net Assets
Assets			
Cash and pooled investments	\$ 45,982	\$ -	\$ 45,982
Loans receivable	<u>88,831</u>	<u>-</u>	<u>88,831</u>
Total assets	<u>\$ 134,813</u>	<u>-</u>	<u>134,813</u>
Liabilities and fund balances			
Liabilities			
Deferred revenue	\$ 88,831	(88,831)	-
Total liabilities	88,831	(88,831)	-
Fund balances			
Unreserved			
Undesignated	<u>45,982</u>		
Total liabilities and fund balances	<u>\$ 134,813</u>		
Net assets			
Unrestricted			<u>\$ 134,813</u>

CITY OF BIG RAPIDS

DOWNTOWN DEVELOPMENT AUTHORITY COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2008

	Governmental Fund Type General Fund	Adjustments	Statement of Activities
Revenues			
Taxes	\$ 22,801	\$ -	\$ 22,801
Investment earnings	6,344	-	6,344
Miscellaneous	<u>35,184</u>	<u>(10,161)</u>	<u>25,023</u>
	64,329	(10,161)	54,168
Expenditures/expenses			
Current			
Economic development	<u>57,387</u>	<u>-</u>	<u>57,387</u>
Total expenditures/expenses	<u>57,387</u>	<u>-</u>	<u>57,387</u>
Revenues over (under) expenditures/expenses	<u>6,942</u>	(10,161)	(3,219)
Net changes in fund balance	6,942	(6,942)	
Change in net assets		3,219	(3,219)
Fund balance/net assets, beginning of year	<u>39,040</u>		<u>138,032</u>
Fund balance/net assets, end of year	<u>\$ 45,982</u>		<u>\$ 134,813</u>

CITY OF BIG RAPIDS

STATISTICAL SECTION

This part of the City of Big Rapids' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements and note disclosures says about the city's overall financial health.

Contents

Table

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

A-1 to A-4

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

B-1 to B-4

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

C-1 to C-5

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment in which the City's financial activities take place.

D-1 to D-2

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

E-1 to E-3

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.*

CITY OF BIG RAPIDS

Table A-1

NET ASSETS BY COMPONENT LAST SIX FISCAL YEARS (accrual basis of accounting)

	Fiscal Year					
	2008	2007	2006	2005	2004	2003
Governmental activities						
Invested in capital assets, net of related debt	\$ 10,236,908	\$ 9,516,016	\$ 8,560,543	\$ 7,927,388	\$ 7,125,772	\$ 6,268,021
Restricted	1,147,481	1,369,148	1,602,998	1,689,020	1,671,576	1,544,588
Unrestricted	<u>3,004,948</u>	<u>2,480,584</u>	<u>2,128,803</u>	<u>2,127,986</u>	<u>2,871,670</u>	<u>2,825,777</u>
Total governmental activities net assets	<u>\$ 14,389,337</u>	<u>\$ 13,365,748</u>	<u>\$ 12,292,344</u>	<u>\$ 11,744,394</u>	<u>\$ 11,669,018</u>	<u>\$ 10,638,386</u>
Business-type activities						
Invested in capital assets, net of related debt	\$ 12,210,069	\$ 12,473,933	\$ 12,077,885	\$ 11,220,981	\$ 10,660,003	\$ 10,732,950
Restricted	148,618	164,015	123,062	134,274	104,507	69,377
Unrestricted	<u>3,513,336</u>	<u>3,084,424</u>	<u>2,645,415</u>	<u>2,564,748</u>	<u>2,395,971</u>	<u>2,309,234</u>
Total business-type activities net assets	<u>\$ 15,872,023</u>	<u>\$ 15,722,372</u>	<u>\$ 14,846,362</u>	<u>\$ 13,920,003</u>	<u>\$ 13,160,481</u>	<u>\$ 13,111,561</u>
Primary government						
Invested in capital assets, net of related debt	\$ 22,446,977	\$ 21,989,949	\$ 20,638,428	\$ 19,148,369	\$ 17,785,775	\$ 17,000,971
Restricted	1,296,099	1,533,163	1,726,060	1,823,294	1,776,083	1,613,965
Unrestricted	<u>6,518,284</u>	<u>5,565,008</u>	<u>4,774,218</u>	<u>4,692,734</u>	<u>5,267,641</u>	<u>5,135,011</u>
Total primary government net assets	<u>\$ 30,261,360</u>	<u>\$ 29,088,120</u>	<u>\$ 27,138,706</u>	<u>\$ 25,664,397</u>	<u>\$ 24,829,499</u>	<u>\$ 23,749,947</u>

CITY OF BIG RAPIDS

Table A-2

CHANGES IN NET ASSETS
LAST SIX FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year					
	2008	2007	2006	2005	2004	2003
Expenses						
Governmental activities						
General government	\$ 2,236,764	\$ 2,067,674	\$ 2,141,931	\$ 2,058,960	\$ 1,740,015	\$ 1,711,154
Public safety	3,437,920	3,343,364	3,346,255	2,727,509	2,604,570	2,410,036
Public works	1,790,439	1,468,931	1,435,805	1,534,230	1,595,742	1,720,489
Culture and recreation	1,106,715	1,123,690	1,363,866	894,197	900,196	964,346
Interest on long-term debt	172,388	178,477	184,001	190,740	281,474	268,554
Total governmental activities	8,744,226	8,162,136	8,471,858	7,405,636	7,121,997	7,074,579
Business-type activities						
Transportation	447,249	441,745	416,717	405,017	347,035	419,266
Wastewater utility	1,567,535	1,589,367	1,700,562	1,308,753	1,272,185	1,316,308
Water utility	1,834,589	1,676,767	1,725,842	1,515,852	1,639,504	1,623,197
Sanitation	784,548	712,632	643,884	597,396	745,658	706,197
Total business-type activities	4,633,921	4,420,511	4,487,005	3,827,018	4,004,382	4,064,968
Total primary government expenses	13,378,147	12,602,647	12,958,863	11,232,654	11,126,379	11,139,547
Program revenues						
Governmental activities						
Charges for services						
General government	208,165	132,859	322,496	*	*	*
Public safety	356,104	300,782	195,804	*	*	*
Public works	226,088	291,858	221,367	*	*	*
Culture and recreation	197,246	151,474	269,400	*	*	*
Total charges for services	987,603	876,973	1,009,067	838,202	834,624	762,228
Operating grants and contributions	1,331,891	1,424,240	1,696,417	952,425	1,031,421	946,771
Capital grants and contributions	811,650	514,493	336,402	532,611	340,778	552,636
Total governmental activities program revenues	3,131,144	2,815,706	3,041,886	2,323,238	2,206,823	2,261,635
Business-type activities						
Charges for services						
Transportation	68,031	70,211	63,462	91,211	60,736	65,827
Wastewater utility	1,943,793	2,010,741	1,981,526	1,712,057	1,605,625	1,528,510
Water utility	1,687,638	1,682,794	1,936,558	1,817,214	1,742,675	1,704,327
Sanitation	885,099	789,271	711,901	669,685	770,655	736,534
Operating grants and contributions	283,359	212,354	200,722	186,007	160,888	192,699
Capital grants and contributions	46,278	657,371	765,207	273,900	-	4,162
Total business-type activities program revenues	4,914,198	5,422,742	5,659,376	4,750,074	4,340,579	4,231,859
Total primary government program revenues	8,045,342	8,238,448	8,701,262	7,073,312	6,547,402	6,493,494

* breakdown by function not readily available

(continued)

CITY OF BIG RAPIDS

CHANGES IN NET ASSETS LAST SIX FISCAL YEARS (accrual basis of accounting)

	Fiscal Year					
	2008	2007	2006	2005	2004	2003
Net (expense) revenue						
Governmental activities	\$ (5,613,082)	\$ (5,386,430)	\$ (5,429,972)	\$ (5,082,398)	\$ (4,915,174)	\$ (4,812,944)
Business-type activities	280,277	1,002,231	1,172,371	923,056	336,197	166,891
Total primary government net (expense) revenue	(5,332,805)	(4,364,199)	(4,257,601)	(4,159,342)	(4,578,977)	(4,646,053)
General revenues and other changes in net assets						
Governmental activities						
Property taxes	2,869,308	2,753,776	2,372,491	2,283,012	2,203,021	2,132,010
Income taxes	1,795,339	1,744,354	1,728,410	942,810	1,814,042	1,835,702
State shared revenues	1,437,807	1,437,437	1,462,006	1,473,040	1,483,074	1,910,289
Investment earnings	211,668	180,809	105,710	206,110	27,227	144,065
Other general revenues	23,749	29,757	9,731	-	-	-
Transfers	298,800	293,700	294,000	252,802	285,400	264,200
Total governmental activities	6,636,671	6,439,833	5,972,348	5,157,774	5,812,764	6,286,266
Business-type activities						
Investment earnings	161,748	147,199	47,988	89,268	(1,877)	54,482
Other general revenues	6,426	20,280	-	-	-	1,558
Transfers	(298,800)	(293,700)	(294,000)	(252,802)	(285,400)	(264,200)
Total business-type activities	(130,626)	(126,221)	(246,012)	(163,534)	(287,277)	(208,160)
Total primary government	6,506,045	6,313,612	5,726,336	4,994,240	5,525,487	6,078,106
Change in net assets						
Governmental activities	1,023,589	1,073,403	542,376	75,376	897,590	1,473,322
Business-type activities	149,651	876,010	926,359	759,522	48,920	(41,269)
Total primary government	\$ 1,173,240	\$ 1,949,413	\$ 1,468,735	\$ 834,898	\$ 946,510	\$ 1,432,053

(concluded)

CITY OF BIG RAPIDS
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
General fund										
Reserved	\$ 110,581	\$ 133,363	\$ 191,297	\$ 226,424	\$ 56,497	\$ 113,826	\$ 62,447	\$ 62,447	\$ 63,122	\$ 106,420
Unreserved	1,558,967	1,861,525	1,254,530	653,049	1,873,762	2,184,390	1,898,488	2,005,931	1,947,017	1,226,312
Total general fund	\$ 1,669,548	\$ 1,994,888	\$ 1,445,827	\$ 879,473	\$ 1,930,259	\$ 2,298,216	\$ 1,760,935	\$ 2,068,378	\$ 2,010,139	\$ 1,332,732
All other governmental funds										
Reserved	\$ 65,010	\$ 44,048	\$ 14,705	\$ 64,653	\$ 118,849	\$ 64,673	\$ 64,076	\$ 65,703	\$ 64,050	\$ 60,763
Unreserved reported in										
Special revenue funds	1,516,108	1,243,727	1,723,193	1,891,742	2,046,597	2,018,348	1,956,642	2,401,395	1,819,876	1,405,072
Capital project funds	303,076	136,002	114,590	338,253	24,808	261,453	2,681,399	-	-	-
Permanent funds	1,079	2,093	17,727	17,570	18,672	18,609	-	-	-	-
Total all other governmental funds	\$ 1,885,273	\$ 1,425,870	\$ 1,870,215	\$ 2,312,218	\$ 2,208,926	\$ 2,363,083	\$ 4,702,117	\$ 2,467,098	\$ 1,883,926	\$ 1,465,835

Note:
 Permanent Funds were established at the time the City implemented GASB 34

Table A-4

CITY OF BIG RAPIDS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Revenues										
Taxes	\$ 4,664,647	\$ 4,498,130	\$ 4,242,687	\$ 3,342,951	\$ 4,137,982	\$ 4,077,944	\$ 3,763,944	\$ 3,631,157	\$ 3,345,126	\$ 3,140,353
Intergovernmental revenues										
Federal	294,369	377,954	261,033	81,824	185,385	375,271	344,962	116,728	39,307	67,162
State	2,915,542	2,426,170	2,864,056	2,393,322	2,436,508	2,829,825	2,826,212	3,068,533	3,535,017	2,567,406
Licenses and permits	56,341	41,821	39,206	21,658	24,065	48,168	41,320	36,127	38,408	36,917
Charges for services	733,253	643,384	351,355	267,688	271,915	220,697	198,118	194,371	177,105	157,436
Fines and forfeits	221,987	227,138	248,850	261,251	237,934	251,748	269,426	332,307	272,418	249,692
Special assessment	17,677	20,804	11,791	14,907	16,942	15,215	9,976	38,238	74,606	47,063
Investment earnings	237,360	239,591	82,947	188,785	33,957	134,013	256,882	130,151	205,639	133,240
Rents and royalties	-	-	3,880	4,420	3,940	3,880	2,980	5,780	4,620	9,799
Miscellaneous	292,628	288,859	560,347	645,238	378,556	320,422	240,794	399,445	232,552	116,545
Total revenues	9,433,804	8,763,851	8,666,152	7,222,044	7,727,184	8,277,183	7,954,614	7,952,837	7,924,796	6,525,613
Expenditures										
Current										
General government	2,207,570	2,134,642	2,034,857	2,063,175	1,912,508	1,730,857	1,775,549	1,923,003	1,760,922	1,645,784
Public safety	3,457,756	3,302,533	3,174,193	2,709,594	2,709,914	2,484,956	2,190,678	2,128,910	1,998,348	2,195,431
Public works	2,558,004	2,046,634	2,252,106	1,645,508	2,198,381	2,529,677	2,275,409	1,297,529	1,855,135	1,544,015
Culture and recreation	1,078,980	1,225,388	1,134,637	1,416,056	909,346	888,606	1,249,677	1,677,994	1,173,894	897,134
Debt service										
Principal	145,000	135,000	120,000	329,977	328,661	291,986	255,413	238,865	237,421	210,995
Interest	175,031	180,938	186,188	197,830	216,381	271,152	52,580	64,525	62,479	84,310
Capital Outlay	-	-	-	-	303,207	2,631,467	2,757,372	-	-	-
Total expenditures	9,622,341	9,025,135	8,901,981	8,362,140	8,578,398	10,828,741	10,556,678	7,330,826	7,088,199	6,577,669
Revenues over (under) expenditures	(188,537)	(261,284)	(235,829)	(1,140,096)	(851,214)	(2,551,558)	(2,602,064)	622,011	836,597	(52,056)
Other financing sources (uses)										
Bond/note proceeds	-	-	-	-	-	-	4,500,000	-	-	212,961
Transfers in	2,122,500	1,284,900	846,000	1,185,802	1,611,437	2,142,803	2,324,469	1,190,700	1,147,200	1,327,100
Transfers out	(1,799,900)	(918,900)	(494,000)	(1,029,200)	(1,282,337)	(1,823,203)	(2,294,829)	(1,171,300)	(889,634)	(1,038,600)
Sale of capital assets	-	-	8,180	36,000	-	-	-	-	-	-
Total other financing sources (uses)	322,600	366,000	360,180	192,602	329,100	319,600	4,529,640	19,400	257,566	501,461
Net changes in fund balances	\$ 134,063	\$ 104,716	\$ 124,351	\$ (947,494)	\$ (522,114)	\$ (2,231,958)	\$ 1,927,576	\$ 641,411	\$ 1,094,163	\$ 449,405
Debt service as a percentage of noncapital expenditures	3.7%	3.5%	3.4%	6.3%	6.6%	6.9%	3.9%	4.1%	4.2%	4.5%

CITY OF BIG RAPIDS

ASSESSED AND ACTUAL VALUE OF TAXABLE PROPERTY LAST TEN FISCAL YEARS

Table B-1

Fiscal Year Ended June 30	Real property				Personal Property	Total Assessed Value	Total Direct Tax Rate
	Residential Property	Agricultural Property	Commercial Property	Industrial Property			
1999	\$ 48,671,600	\$ 112,300	\$ 40,517,600	\$ 7,094,900	\$ 23,801,800	\$ 120,198,200	12.3523
2000	51,271,000	112,300	42,315,000	7,729,800	24,637,300	126,065,400	12.3523
2001	53,998,600	130,100	44,979,150	7,990,100	25,088,400	132,186,350	12.3523
2002	57,609,000	130,100	52,078,800	8,758,500	25,952,400	144,528,800	12.3523
2003	61,907,700	130,100	53,736,000	8,514,000	26,596,100	150,883,900	14.3152
2004	65,870,200	130,100	60,290,600	9,977,100	27,880,500	164,148,500	14.2330
2005	69,700,100	130,100	60,898,800	10,065,800	30,215,600	171,010,400	14.7262
2006	74,564,700	130,100	61,180,300	10,363,300	29,285,000	175,523,400	14.1940
2007	79,139,700	-	67,340,200	10,501,500	29,245,600	186,227,000	14.8981
2008	83,256,500	-	64,430,200	10,507,600	29,954,100	188,148,400	15.0032

Property values are reported at their assessed values which are approximately equal to one half of the actual values.
Direct tax rate (millage) is per \$1,000 of taxable value which is generally equal to one-half of the assessed value.

Source: City of Big Rapids Assessor's and Treasurer's Offices, Mecosta County Equalization Department

CITY OF BIG RAPIDS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(rate per \$1,000 of taxable value)

Fiscal Year Ended June 30	City of Big Rapids				Mecosta County			Big Rapids Public Schools (1)			Mecosta Osceola ISD				State	
	Operating Millage	Debt Millage	Total City Millage	Operating Millage	Hospital Millage	Commission on Aging Millage	Emergency Medical Services Millage	Total County Millage	Non- Homestead Millage	Debt Millage	BRPS Millage	Operating Millage	Special Education Millage	Vocational Education Millage	MOISD Millage	Total State Education Tax Millage
1999	11.1170	1.2353	12.3523	6.0000	-	0.5000	0.5500	7.0500	18.0000	7.0000	25.0000	0.2500	2.4435	1.5940	4.2575	54.6598
2000	11.2624	1.0899	12.3523	5.9802	-	0.4983	0.5500	7.0285	18.0000	7.0000	25.0000	0.2488	2.4319	1.5565	4.2372	54.6180
2001	11.1616	1.1907	12.3523	5.9538	-	0.4961	0.5500	6.9969	18.0000	7.0000	25.0000	0.2473	2.4179	1.5476	4.2128	54.5650
2002	11.1959	1.1564	12.3523	5.8978	-	0.4914	0.5500	6.9392	17.8524	7.0000	24.8524	0.2449	2.3945	1.5327	4.1721	54.3160
2003	13.3314	0.9638	14.3152	5.8565	-	0.5000	0.5500	6.9065	18.0000	7.0000	25.0000	0.2434	2.3802	1.5236	4.1472	56.3689
2004	13.4555	0.7775	14.2330	5.7909	0.5000	0.4944	0.5500	7.3353	18.0000	7.0000	25.0000	0.2411	2.3577	1.5092	4.1060	55.6763
2005	13.7344	0.4959	14.2303	6.0000	0.3929	0.4888	0.5000	7.3817	18.0000	7.0000	25.0000	0.2500	2.3432	1.4989	4.0931	56.7051
2006	14.1940	-	14.1940	5.9916	0.6098	0.4881	0.5000	7.5895	18.0000	7.0000	25.0000	0.2496	2.3399	1.4979	4.0874	56.8709
2007	14.8981	-	14.8981	5.9490	0.5875	0.5000	0.5000	7.5365	18.0000	7.0000	25.0000	0.2495	2.3395	1.4977	4.0867	57.5213
2008	13.2550	1.7482	15.0032	5.9299	0.3463	0.4984	0.5000	7.2746	18.0000	7.0000	25.0000	0.2494	3.3395	1.4970	5.0859	58.3637

Source: City assessors office

Notes:

- (1) In 1994, property tax reform was implemented in the State resulting in a 18 mill levy on non-homestead properties and 6.0 mills on all properties.
- (2) Taxes rates (millages) are per \$1,000 of taxable value which is approximately equal to one-half of the assessed value.
- (3) Corrected rates for fiscal year end 2006 & 2007.

CITY OF BIG RAPIDS

Table B-3

PRINCIPAL PROPERTY TAX PAYERS CURRENT YEAR AND NINE YEARS AGO

	2008			1999		
	Taxable Value	Rank	Percentage of Total City Taxable Value	Taxable Value	Rank	Percentage of Total City Taxable Value
<u>Taxpayer</u>						
Federal Screw Works	\$ 16,782,400	1	10.29%	\$ 5,602,180	1	5.00%
Big Rapids Components	15,791,200	2	9.69%	-		0.00%
Fluid Routing (Mark IV)	5,760,200	3	3.53%	2,201,300	5	1.96%
Agree Limited Partnership	5,250,512	4	3.22%	3,603,455	2	3.22%
Haworth, Inc.	3,545,147	5	2.17%	1,154,197	10	1.03%
Campus Village Rapids, LLC	2,785,198	6	1.71%	-		0.00%
Big Rapids Products	2,738,095	7	1.68%	1,902,107	7	2.07%
Michigan Retail Partners	2,663,000	8	1.63%	-		0.00%
Hillcrest/Oakwood Property LLC	2,394,000	9	1.47%	-		0.00%
Consumers Power Company	2,354,774	10	1.44%	2,267,233	4	2.02%
Michigan Consolidated Gas Co.	-		0.00%	2,325,564	3	2.07%
Wolverine World Wide	-		0.00%	1,756,839	8	1.57%
CBL & Associates	-		0.00%	1,998,936	6	1.78%
Simonds Industries, Inc.	-		0.00%	1,528,076	9	1.36%
Total	\$ 60,064,526		36.84%	\$ 24,339,887		22.09%

Source: City assessors office

CITY OF BIG RAPIDS

Table B-4

PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1999	\$ 1,593,744	\$ 1,532,548	96.2%	\$ 58,482	\$ 1,591,030	99.83%
2000	1,659,883	1,569,973	94.6%	87,429	1,657,402	99.85%
2001	1,712,334	1,646,234	96.1%	60,276	1,706,510	99.66%
2002	1,785,785	1,726,354	96.7%	54,013	1,780,367	99.70%
2003	2,129,954	2,062,507	96.8%	55,306	2,117,813	99.43%
2004	2,197,960	2,138,178	97.3%	54,796	2,192,974	99.77%
2005	2,276,744	2,175,948	95.6%	94,966	2,270,914	99.74%
2006	2,365,249	2,265,175	95.8%	94,227	2,359,402	99.75%
2007	2,617,678	2,479,007	94.7%	135,259	2,614,266	99.87%
2008	2,747,198	2,656,091	96.7%	85,900	2,741,991	99.81%

Source: City treasurer

Notes:

- (1) Real and personal property taxes combined.
- (2) Property taxes are levied July 1 and become delinquent March 1 of the following year.
Delinquent real property taxes are purchased by Mecosta County and are included in the collections in subsequent years column. Delinquent personal property taxes are collected by the City of Big Rapids.
- (3) Total tax levy includes levy for Public Safety Building.

CITY OF BIG RAPIDS

Table C-1

RATIOS OF OUTSTANDING DEBT BY TYPE LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Governmental Activities				Percentage of Property Value		Business-type Activities		Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds (2)	Amount Available	Net General Obligation Bonds	Loans Payable	Value	Capita	Revenue Bonds	Total		
1999	\$ 1,220,000	\$ 58,263	\$ 1,161,737	\$ -	2.02%	\$ 92.36	\$ -	\$ 1,161,737	0.00%	\$ 92
2000	1,030,000	61,550	968,450	-	1.61%	77.00	-	968,450	0.00%	77
2001	825,000	63,203	761,797	-	1.21%	70.22	-	761,797	0.00%	70
2002	5,105,000	61,576	5,043,424	-	7.63%	464.87	-	5,043,424	0.00%	465
2003	4,850,000	64,673	4,785,327	-	6.62%	441.08	-	4,785,327	0.00%	441
2004	4,560,000	68,512	4,491,488	-	5.95%	414.00	-	4,491,488	0.00%	414
2005	4,250,000	-	4,250,000	-	5.18%	391.74	4,445,000	8,695,000	0.00%	801
2006	4,130,000	-	4,130,000	-	4.83%	380.68	4,160,000	8,290,000	0.00%	764
2007	3,995,000	-	3,995,000	-	4.55%	368.24	3,930,000	7,925,000	0.00%	730
2008	3,850,000	-	3,850,000	-	4.13%	363.34	3,595,000	7,445,000	0.00%	703

Note:

(1) 1990 census figures (1995-2000), 2000 census figures (2001-Present) can be found at Table D-1.

(2) Includes only bonds serviced from property tax revenues

CITY OF BIG RAPIDS

Table C-2

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT AS OF JUNE 30, 2008

Governmental Unit	Debt Outstanding	Percentage Applicable To City	Amount Applicable To City
Overlapping Debt:			
Big Rapids Public Schools	\$ 23,235,101	41.04%	\$ 9,535,685
Mecosta County	11,615,000	14.33%	1,664,430
Mecosta Osceola Intermediate School District	-	9.21%	-
Total Overlapping Debt			11,200,115
City of Big Rapids direct debt			<u>3,850,000</u>
Total Direct and Overlapping Debt			<u>\$ 15,050,115</u>

The portion of the taxable value for each governmental unit located within the City of Big Rapids over the taxable value of the governmental unit as a whole is utilized to calculate overlapping debt percentages.

Source: Michigan Advisory Council (MAC)

CITY OF BIG RAPIDS

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Total state equalized value (1)	\$ 190,619,300										
Debt limitation - 10 percent of SEV	\$ 19,061,930										
Debt applicable to limitation:	7,445,000										
Total bonded debt	3,595,000										
Less:											
Revenue bonds	3,850,000										
Total Debt Applicable to Limitation	\$ 15,211,930										
Legal Debt Margin											
		Fiscal Year									
		2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Debt limit	\$	19,061,930	\$ 17,552,340	\$ 17,552,340	\$ 17,101,040	\$ 16,414,850	\$ 15,088,390	\$ 14,452,800	\$ 13,218,635	\$ 12,606,540	\$ 12,019,820
Total net debt applicable to limit		3,850,000	3,995,000	4,130,000	4,250,000	4,431,465	4,578,965	5,139,048	892,834	1,149,700	1,359,054
Legal debt margin	\$	15,211,930	\$ 13,557,340	\$ 13,422,340	\$ 12,851,040	\$ 11,983,385	\$ 10,509,425	\$ 9,313,752	\$ 12,325,801	\$ 11,456,840	\$ 10,660,766
Total net debt applicable to limit as a percentage of debt limit		20.2%	22.8%	23.5%	24.9%	27.0%	30.3%	35.6%	6.8%	9.1%	11.3%

(1) Source: City assessors office

CITY OF BIG RAPIDS

Table C-4

PLEGDED REVENUE COVERAGE LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Sewer Revenue Bonds						Water Revenue Bonds					
	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
1999	\$ 1,329,146	\$ 1,002,242	\$ 326,904	\$ 135,000	\$ 119,613	1.28	\$ 1,625,842	\$ 1,260,272	\$ 365,570	\$ 105,000	\$ 67,991	2.11
2000	1,413,839	1,348,691	65,148	135,000	110,163	0.27	1,959,777	1,561,927	397,850	105,000	63,126	2.37
2001	1,472,251	1,076,518	395,733	165,000	121,352	1.38	1,704,307	1,280,971	423,336	135,000	248,842	1.10
2002	1,536,602	1,118,754	417,848	170,000	87,737	1.62	1,699,239	1,237,797	461,442	140,000	204,217	1.34
2003	1,586,339	1,276,335	290,004	175,000	74,654	1.16	1,722,679	1,390,479	332,200	150,000	192,510	0.97
2004	1,607,495	1,388,537	218,958	180,000	66,042	0.89	1,739,421	1,268,087	471,334	150,000	189,023	1.39
2005	1,761,291	1,246,199	515,092	115,000	57,441	2.99	1,853,914	1,340,055	513,859	160,000	180,910	1.51
2006	2,015,221	1,454,905	560,316	120,000	51,403	3.27	1,944,949	1,260,600	684,349	165,000	172,408	2.03
2007	2,131,488	1,348,764	782,724	125,000	43,610	4.64	1,728,555	1,282,462	446,093	175,000	197,574	1.20
2008	2,071,132	1,893,055	178,077	135,000	38,684	1.03	1,728,441	1,791,125	(62,684)	200,000	121,022	(0.20)

Note:
Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest or depreciation expense.
Service charges include interest income and operating expenses include transfers out for indirect costs.

CITY OF BIG RAPIDS
SCHEDULE OF INDEBTEDNESS

Table C-5

JUNE 30, 2008

	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Governmental activities							
Big Rapids Township Cemetery Contribution	11/1/1992	\$ 315,000	n/a	11/1/2008	\$ 15,000	\$ -	\$ 15,000
				11/1/2009	15,000	-	15,000
				11/1/2010	15,000	-	15,000
				11/1/2011	15,000	-	15,000
					<u>60,000</u>	<u>-</u>	<u>60,000</u>
2001 Unlimited Tax General Obligation Bonds	11/1/2001	4,500,000	4.375%	8/1/2008	-	84,219	84,219
				2/1/2009	165,000	84,219	249,219
				8/1/2009	-	80,609	80,609
				2/1/2010	180,000	80,609	260,609
				8/1/2010	-	76,672	76,672
				2/1/2011	200,000	76,672	276,672
				8/1/2011	-	72,297	72,297
				2/1/2012	220,000	72,297	292,297
				8/1/2012	-	67,484	67,484
				2/1/2013	240,000	67,484	307,484
				8/1/2013	-	62,234	62,234
				2/1/2014	260,000	62,234	322,234
				8/1/2014	-	56,547	56,547
				2/1/2015	285,000	56,547	341,547
				8/1/2015	-	50,312	50,312
				2/1/2016	310,000	50,312	360,312
				8/1/2016	-	43,531	43,531
				2/1/2017	335,000	43,531	378,531
				8/1/2017	-	36,203	36,203
				2/1/2018	365,000	36,203	401,203
				8/1/2018	-	28,219	28,219
				2/1/2019	395,000	28,219	423,219
				8/1/2019	-	19,578	19,578
				2/1/2020	430,000	19,578	449,578
				8/1/2020	-	10,172	10,172
				2/1/2021	<u>465,000</u>	<u>10,172</u>	<u>475,172</u>
					<u>3,850,000</u>	<u>1,376,154</u>	<u>5,226,154</u>
Total governmental activities					<u>3,910,000</u>	<u>1,376,154</u>	<u>5,286,154</u>

(continued)

CITY OF BIG RAPIDS
SCHEDULE OF INDEBTEDNESS (continued)

JUNE 30, 2008

	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Business-type activities							
1993 Wastewater Treatment System Revenue Bonds	10/1/1993	\$ 2,000,000	4.0-7.0%	9/1/2008	\$ 140,000	\$ 17,613	\$ 157,613
				3/1/2009	-	13,938	13,938
				9/1/2009	150,000	13,938	163,938
				3/1/2010	-	10,000	10,000
				9/1/2010	160,000	10,000	170,000
				3/1/2011	-	6,800	6,800
				9/1/2011	165,000	6,800	171,800
				3/1/2012	-	3,500	3,500
				9/1/2012	175,000	3,500	178,500
					<u>790,000</u>	<u>86,089</u>	<u>876,089</u>
2006 Water Supply System Revenue Refunding Bonds	10/25/2006	2,635,000	4.0-4.25%	10/1/2008	90,000	51,262	141,262
				4/1/2009	-	49,463	49,463
				10/1/2009	90,000	49,462	139,462
				4/1/2010	-	47,663	47,663
				10/1/2010	225,000	47,662	272,662
				4/1/2011	-	43,163	43,163
				10/1/2011	240,000	43,162	283,162
				4/1/2012	-	38,363	38,363
				10/1/2012	250,000	38,362	288,362
				4/1/2013	-	33,363	33,363
				10/1/2013	260,000	33,362	293,362
				4/1/2014	-	28,163	28,163
				10/1/2014	275,000	28,162	303,162
				4/1/2015	-	22,663	22,663
				10/1/2015	300,000	22,662	322,662
				4/1/2016	-	16,663	16,663
				10/1/2016	200,000	16,662	216,662
				4/1/2017	-	12,663	12,663
				10/1/2017	200,000	12,662	212,662
				4/1/2018	-	8,663	8,663
				10/1/2018	210,000	8,662	218,662
				4/1/2019	-	4,463	4,463
				10/1/2019	210,000	4,462	214,462
					<u>2,550,000</u>	<u>661,837</u>	<u>3,211,837</u>
1999 Water Supply System Revenue Bonds (partially refunded with 2006 bonds)	12/1/1999	2,820,000	5.375%	10/1/2008	125,000	6,853	131,853
				4/1/2009	-	3,494	3,494
				10/1/2009	130,000	3,494	133,494
					<u>255,000</u>	<u>13,841</u>	<u>268,841</u>
Total business-type activities					<u>3,595,000</u>	<u>761,767</u>	<u>4,356,767</u>
Total long-term debt - primary government					<u>7,505,000</u>	<u>2,137,921</u>	<u>9,642,921</u>
Total reporting entity					<u>\$ 7,505,000</u>	<u>\$ 2,137,921</u>	<u>\$ 9,642,921</u>

(concluded)

CITY OF BIG RAPIDS

Table D-1

DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN CALENDAR YEARS

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Unemployment Rate (3)</u>
1999	12,578	\$ -	\$ -	5.9
2000	12,578	-	-	5.3
2001	10,849	-	-	7.6
2002	10,849	-	-	8.8
2003	10,849	-	-	10.3
2004	10,849	-	-	9.2
2005	10,849	-	-	7.2
2006	10,849	-	-	7.8
2007	10,849	-	-	7.8
2008	10,596	41,741,082	28,629	8.8

(1) per U.S. Census Bureau

(2) Personal Income information for 1999 through 2007 is not available

(3) per Michigan Department of Labor & Economic Growth (Unemployment rate is for Mecosta County)

CITY OF BIG RAPIDS

Table D-2

PRINCIPAL EMPLOYERS CURRENT YEAR AND NINE YEARS AGO

<u>Employer</u>	<u>2008</u>			<u>1998</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment (1)</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment (1)</u>
Ferris State University	4,719	1		5,103	1	
Dan Dave Restaurant	435	2		-		
Fluid Routing (Mark IV)	432	3		315	10	
Wolverine World Wide	429	4		736	2	
Haworth Inc.	391	5		506	5	
Midwest Publishing	342	6		-		
Labelle Management	330	7		-		
Big Rapids Public Schools	288	8		602	4	
Mecosta County Medical Center	285	9		413	6	
MOISD	276	10		334	9	
JDM & Associates	-			689	3	
MDK Corporation	-			389	7	
Guest Services	-			359	8	

Source: City offices

(1) information is not available

CITY OF BIG RAPIDS
CITY EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
General government										
Administration										
Full time	14	13	13	12	12	13	13	13	13	12
Part time	2	2	2	2	2	3	4	3	2	2
Finance										
Full time	6	6	7	7	7	7	7	7	7	7
Part time	4	4	4	4	4	4	4	4	3	3
Public works										
Full time	32	28	32	32	31	29	32	31	31	28
Part time	36	45	50	49	43	38	(1)	(1)	(1)	(1)
Library										
Full time	2	2	2	2	2	2	2	2	2	2
Part time	9	10	12	13	13	13	16	12	(1)	(1)
Public Safety										
Police										
Full time	17	17	17	17	17	17	17	17	17	15
Part time	6	11	16	15	16	15	15	(1)	(1)	(1)
Other public safety	3	3	3	3	3	3	3	3	3	3
Fire										
Full time	9	9	9	9	9	9	9	9	9	9
Part time	14	13	15	19	16	18	15	14	10	10
Dial-a-Ride										
Full time	1	1	1	1	1	2	2	2	2	2
Part time	10	11	12	14	12	10	12	10	8	8
Total	165	175	195	199	188	183	151	127	107	101

Source: City clerks office

(1) information is not available

CITY OF BIG RAPIDS

Table E-2

OPERATING INDICATORS BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Police										
Arrests	1,820	1,813	1,943	1,778	1,761	1,776	1,961	1,937	1,956	1,829
Accident responses	510	488	552	610	664	666	749	829	789	843
Fire										
Fire calls	67	53	68	64	66	90	65	94	82	73
Rescue calls	82	57	90	63	34	37	61	102	57	57
MFR calls	554	484	546	478	552	480	439	355	399	443
Public service calls	56	69	73	53	70	58	71	63	47	75
Public works and streets										
Street reconstruction (in miles)	1.2	(1)	(1)	(1)	0.57	0.83	0.74	1.23	0.92	0.42
Culture and recreation										
Library books	66,397	65,681	65,168	69,478	71,475	68,934	66,900	66,674	(1)	(1)
Sewer system										
Number of service connections	2,503	2,518	2,505	2,502	2,505	2,507	2,946	2,501	2,489	(1)
Daily average treatment in millions of gallons	1,190	1,131	1,165	1,114	1,144	1,280	1,240	1,248	1,419	(1)
Water system										
Number of service connections	2,273	2,350	2,245	2,217	2,214	2,225	2,204	2,202	2,241	2,162
Daily average consumption in millions of gallons	1,230	1,224	1,246	1,217	1,147	1,334	(1)	(1)	(1)	(1)
Dial-a-Ride system										
Total transit miles	91,099	84,336	86,670	84,677	72,593	90,140	107,368	120,394	127,974	128,819
Passengers	56,850	55,790	56,335	56,633	54,226	59,006	72,468	96,859	106,734	109,841

Source: Various City departments

(1) information is not available

CITY OF BIG RAPIDS

Table E-3

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	10	10	9	8	8	8	8	8	8	7
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Emergency response vehicles	12	12	11	10	10	10	10	10	10	10
Public works and streets										
Buildings	25	25	24	21	19	18	18	18	17	17
Miles of streets	42.50	42.44	42.44	42.51	42.51	42.40	42.40	42.40	42.40	42.47
Number of street lights	449	449	449	449	482	482	481	481	480	477
Culture and recreation										
Park acreage	204	204	245	197	197	196	196	194	206	206
Sewer system										
Miles of sanitary sewers	34.3	33	33	33	33	33	33	33	33	33
Miles of storm sewers	20.2	20.2	20.2	20.2	20.2	20.2	20.2	20.2	20.2	20.2
Maximum daily capacity in millions of gallons	4,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Water system										
Miles of water mains	58	58	58	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Fire hydrants	488	482	482	482	(1)	(1)	(1)	(1)	(1)	(1)
In millions of gallons:										
Above ground storage capacity (at grade)	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Above ground storage capacity (elevated)	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Maximum daily capacity	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400
Dial-a-Ride system										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	7	8	8	8	9	9	9	9	9	9

Source: City treasurer's office

(1) information is not available

CITY OF BIG RAPIDS
DIAL-A-RIDE TRANSIT FUND
SCHEDULE OF LOCAL REVENUES (1)
FOR THE YEAR ENDED JUNE 30, 2008

	<u>7/1/07 to</u> <u>9/30/2007</u>	<u>10/1/07 to</u> <u>6/30/2008</u>	<u>Total</u>
Demand response (farebox)			
Regular service	\$ 13,189	\$ 40,492	\$ 53,681
Contracted fares	700	13,650	14,350
Interest Revenue	13	19	32
Other nonoperating revenue	-	-	-
Transfer from general fund	-	72,000	72,000
	<hr/>	<hr/>	<hr/>
Total local revenues	\$ 13,902	\$ 126,161	\$ 140,063

DIAL-A-RIDE TRANSIT FUND
SCHEDULE OF LOCAL REVENUES (1A)
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>10/1/06 to</u> <u>6/30/2007</u>	<u>7/1/07 to</u> <u>9/30/2007</u>	<u>Total</u>
Local revenue			
Demand response (farebox)			
Regular service	\$ 41,630	\$ 13,189	\$ 54,819
Contracted fares	14,031	700	14,731
Interest revenue	661	13	674
Transfer from general fund	125,000	-	125,000
	<hr/>	<hr/>	<hr/>
Total local revenues	\$ 181,322	\$ 13,902	\$ 195,224

CITY OF BIG RAPIDS

**DIAL-A-RIDE TRANSIT FUND
SCHEDULE OF EXPENDITURES OF STATE AND FEDERAL AWARDS (2)**

FOR THE YEAR ENDED JUNE 30, 2008

Federal and State Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant No. Authorization Number	Program Award Amount	Current year expenditures			Prior Year's Expended	Award Amount Remaining
				Total	Federal	State		
U.S. Department of transportation								
Passed through Michigan Department of Transportation								
Operating assistance - section 5311 - prior year accrual	20.509	07-01779/Z1	\$ -	\$ (6,997)	\$ (6,997)	\$ -	\$ -	-
Operating assistance - section 5311 - current year receipts	20.509	07-01777/Z1	-	\$ 46,572	46,572	-	-	-
Operating assistance - section 5311 - current year receipts	20.509	07-01777/Z1	-	\$ 5,342	5,342	-	-	-
Operating assistance - section 5311 - current year receipts	20.509	07-01777/Z1	-	\$ 36,027	36,027	-	-	-
Operating assistance - section 5311 - current year receipts	20.509	07-0163/Z7	-	6,247	6,247	-	-	-
RTAP funding	20.509	N/A	-	747	747	-	-	-
Total passed through Michigan Department of Transportation			-	<u>87,938</u>	<u>87,938</u>	-	-	-
Michigan Department of Transportation								
Operating Assistance - Act 51 - prior year deferred	N/A	prior years	-	39,149	-	39,149	-	-
Operating Assistance - Act 51 - FY07 grant	N/A	FY07	-	36,935	-	36,935	-	-
Operating Assistance - Act 51 - current year receipts	N/A	FY08	-	94,231	-	94,231	-	-
Operating Assistance - Act 51 - current year deferred	N/A	FY08	-	25,106	-	25,106	-	-
Total Operating Assistance - Act 51			-	<u>195,421</u>	-	<u>195,421</u>	-	-
Total				<u>\$ 283,359</u>	<u>\$ 87,938</u>	<u>\$ 195,421</u>	<u>\$ -</u>	

CITY OF BIG RAPIDS
DIAL-A-RIDE TRANSIT FUND
SCHEDULE OF STATE AND FEDERAL AWARDS (2A)
FOR THE YEAR ENDED JUNE 30, 2008

	<u>7/1/07 to 9/30/2007</u>	<u>10/1/08 to 6/30/2008</u>	<u>Total</u>
Michigan Department of Transportation			
Formula operating assistance (Act 51) - prior year deferred	\$ 39,149	\$ -	\$ 39,149
Formula operating assistance (Act 51) - FY07 current year receipts	36,935	-	36,935
Formula operating assistance (Act 51) - FY08 current year receipts	-	94,231	94,231
Formula operating assistance (Act 51) - FY08 current year Accrual	-	25,106	25,106
Total Michigan Department of Transportation	<u>76,084</u>	<u>119,337</u>	<u>195,421</u>
Federal grants			
Section 5311 grant 07-01779/Z1 - prior year accrual	(6,997)	-	(6,997)
Section 5311 grant 07-0163/Z2 - current year receipts	-	46,572	46,572
Section 5311 grant 02-0019/Z6 - current year receipts (fy05)	5,342	-	5,342
Section 5311 grant 07-0177/Z1 - current year receipts	12,213	23,814	36,027
Section 5311 grant 07-0163/Z6 - current year accrual	-	6,247	6,247
RTAP funding	427	320	747
Total federal grants	<u>10,985</u>	<u>76,953</u>	<u>87,938</u>
Total	<u>\$ 87,069</u>	<u>\$ 196,290</u>	<u>\$ 283,359</u>

DIAL-A-RIDE TRANSIT FUND
SCHEDULE OF STATE AND FEDERAL AWARDS (2B and 4R)
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>10/1/06 to 6/30/2007</u>	<u>7/1/07 to 9/30/2007</u>	<u>Total</u>
Michigan Department of Transportation			
Formula operating assistance (Act 51) - prior year deferred	\$ -	\$ 39,149	\$ 39,149
Formula operating assistance (Act 51) - FY02 audit payback	(3,777)	-	(3,777)
Formula operating assistance (Act 51) - FY03 audit payback	(4,501)	-	(4,501)
Formula operating assistance (Act 51) - FY07 current year receipts	110,790	36,935	147,725
Formula operating assistance (Act 51) - FY07 current year deferral	(7,657)	-	(7,657)
Total Michigan Department of Transportation	<u>94,855</u>	<u>76,084</u>	<u>170,939</u>
Federal grants			
Section 5311 grant 02-0019/Z6 - prior year accrual	-	(6,997)	(6,997)
Section 5311 grant 07-01779/Z1 - prior year accrual	-	12,213	12,213
Section 5311 grant 07-0177/Z1 - current year receipts	-	5,342	5,342
Section 5311 grant 02-0019/Z6 - current year receipts (fy05)	-	-	-
Section 5311 grant 07-01779/Z1 - current year receipts	44,439	-	44,439
Section 5311 grant 07-01779/Z1 - current year accrual	6,997	-	6,997
RTAP funding	-	427	427
Total federal grants	<u>51,436</u>	<u>10,985</u>	<u>62,421</u>
Total	<u>\$ 146,291</u>	<u>\$ 87,069</u>	<u>\$ 233,360</u>

CITY OF BIG RAPIDS**DIAL-A-RIDE TRANSIT FUND
SCHEDULE OF OPERATING EXPENSE SPLIT
BETWEEN A JUNE 30 AND SEPTEMBER 30 YEAR END (3A)****FOR THE YEAR ENDED JUNE 30, 2008**

	<u>7/1/07 to 9/30/2007</u>	<u>10/1/07 to 6/30/2008</u>	<u>Total</u>
Expenses			
Labor	\$ 33,686	\$ 187,378	\$ 221,064
Fringe benefits	7,002	32,036	39,038
Pension	1,839	3,841	5,680
Service	3,048	36,603	39,651
Audit	3,000	-	3,000
Materials and supplies	15,996	66,344	82,340
Casualty and liability costs	6,811	186	6,997
Utilities	348	4,048	4,396
Depreciation	<u>20,820</u>	<u>56,263</u>	<u>77,083</u>
Total expenses	<u>\$ 92,550</u>	<u>\$ 386,699</u>	<u>\$ 479,249</u>

**DIAL-A-RIDE TRANSIT FUND
SCHEDULE OF OPERATING EXPENSE SPLIT
BETWEEN A JUNE 30 AND SEPTEMBER 30 YEAR END (3B)****FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	<u>10/1/06 to 6/30/2007</u>	<u>7/1/07 to 9/30/2007</u>	<u>Total</u>
Expenses			
Labor	\$ 178,128	\$ 33,686	\$ 211,814
Fringe benefits	20,621	7,002	27,623
Pension	5,814	1,839	7,653
Service	53,480	3,048	56,528
Audit	3,000	3,000	6,000
Materials and supplies	53,453	15,996	69,449
Casualty and liability costs	-	6,811	6,811
Utilities	7,806	348	8,154
Depreciation	<u>60,982</u>	<u>20,820</u>	<u>81,802</u>
Total expenses	<u>\$ 383,284</u>	<u>\$ 92,550</u>	<u>\$ 475,834</u>

CITY OF BIG RAPIDS

DIAL-A-RIDE TRANSIT FUND SCHEDULE OF OPERATING AND CONTRACT EXPENSES 4E

FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Operations</u>	<u>Maintenance</u>	<u>General Administration</u>	<u>Total System</u>
Operating expenses				
Labor				
Salaries and wages	\$ 163,659	\$ 12,032	\$ 36,123	\$ 211,814
Fringe benefits	20,362	-	7,261	27,623
Pension	5,744	-	1,909	7,653
Services				
Audit	-	-	6,000	6,000
Other services	1,648	22,924	31,956	56,528
Materials and supplies				
Fuel	33,433	-	-	33,433
Other materials and supplies	-	29,878	6,138	36,016
Casualty and liability costs				
Insurance	-	-	6,811	6,811
Utilities	8,154	-	-	8,154
Depreciation	-	-	81,802	81,802
Total operating expenses	<u>\$ 233,000</u>	<u>\$ 64,834</u>	<u>\$ 178,000</u>	<u>475,834</u>
Ineligible expenses				
Ineligible depreciation		-	81,802	81,802
RTAP	-	-	427	427
Total ineligible expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82,229</u>	<u>82,229</u>
Total eligible expenses				<u>\$ 393,605</u>

CITY OF BIG RAPIDS
DIAL-A-RIDE TRANSIT FUND
SCHEDULE OF OPERATING ASSISTANCE CALCULATION 5
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Nonurban</u>
State eligible expenses	
Labor	\$ 211,814
Fringe benefits	27,623
Pension	7,653
Service	56,528
Audit	6,000
Materials and supplies	69,449
Casualty and liability costs	6,811
Utilities	8,154
Depreciation	<u>81,802</u>
Total expenses	<u>475,834</u>
Less ineligible expenses	
Depreciation	81,802
Federal grants - RTAP	<u>427</u>
Total ineligible expenses	<u>82,229</u>
State eligible expenses	<u>\$ 393,605</u>
 State operating assistance - 40.03%	 \$ 157,560
Federal eligible expenses	
State eligible expenses	\$ 393,605
Less additional federal ineligible expenses	
Audit costs	<u>6,000</u>
Federal eligible expenses	<u>\$ 387,605</u>
Setion 5311 reimbursement (17%)	\$ 65,893

Capital grant related expenditures have been subtracted out as ineligible expenses for the purpose of calculating state formula funding.

CITY OF BIG RAPIDS
DIAL-A-RIDE TRANSIT FUND
SCHEDULE OF NONFINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Miles</u>	<u>Hours</u>
Demand response		
First quarter (7/1/07 to 9/30/07)	20,332	1,811
Second quarter (10/1/07 to 12/31/07)	23,484	2,142
Third quarter (1/1/08 to 3/31/08)	23,914	2,145
Fourth quarter (4/1/08 to 6/30/08)	<u>23,369</u>	<u>2,070</u>
Total	<u>91,099</u>	<u>8,168</u>

DIAL-A-RIDE TRANSIT FUND
SCHEDULE OF NONFINANCIAL INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Miles</u>	<u>Hours</u>
Demand response		
First quarter (10/1/06 to 12/31/06)	25,326	2,173
Second quarter (1/1/07 to 3/31/07)	26,037	2,177
Third quarter (4/1/07 to 6/30/07)	22,366	2,300
Fourth quarter (7/1/07 to 9/30/07)	<u>20,332</u>	<u>1,811</u>
Total	<u>94,061</u>	<u>8,461</u>

The Methodology used for compiling mileage has been reviewed and found to be an adequate and reliable method for recording vehicle mileage.

CITY OF BIG RAPIDS
CONTINUING DISCLOSURE

A. Number of Water Customers

<u>Type of User</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Residential	1,634	1,645	1,686	1,625	1,619
Commerical	385	398	396	359	343
Institutional	236	254	249	242	234
Industrial	<u>18</u>	<u>20</u>	<u>19</u>	<u>19</u>	<u>21</u>
Total	<u>2,273</u>	<u>2,317</u>	<u>2,350</u>	<u>2,245</u>	<u>2,217</u>

*Information is for a calendar year
Source: City of Big Rapids

B. Water Consumption By Category (1,000 Gallons)

<u>Type of User</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Residential, commerical, industrial	215,095	206,150	216,488	211,757	215,253
Government/institutional	<u>168,525</u>	<u>170,025</u>	<u>174,622</u>	<u>162,158</u>	<u>154,588</u>
Total	<u>383,620</u>	<u>376,175</u>	<u>391,110</u>	<u>373,915</u>	<u>369,841</u>

*Information is for a calendar year
Source: City of Big Rapids

C. Percentage of Water Consumption By Category

<u>Type of User</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Residential	23%	22%	24%	25%	26%
Governmental/Institutional	44%	45%	45%	43%	42%
Commercial/Industrial	<u>33%</u>	<u>33%</u>	<u>31%</u>	<u>32%</u>	<u>32%</u>
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

*Information is for a calendar year
Source: City of Big Rapids

CITY OF BIG RAPIDS
CONTINUING DISCLOSURE

D. Water Pumped vs. Water Sold

The following table presents five-year history of the number of gallons of water pumped vs. the number of gallons of water sold.

<u>Fiscal year</u>	<u>Gallons Pumped</u>	<u>Gallons Sold</u>	<u>Sold as a % of Pumped</u>
2002-2003	437.6	382.4	87.39%
2003-2004	441.6	369.8	83.74%
2004-2005	418.6	373.9	89.32%
2005-2006	444.2	385.3	86.74%
2006-2007	447.4	374.9	83.80%

*Gallons are millions of gallons
Source: City of Big Rapids

E. Water Rates (As of November 1, 2006)

The City has implemented the following rates.

<u>Meter Size (inches)</u>	<u>Monthly Capacity Charge for Non-Institutional</u>	<u>Monthly Capacity Charge for Institutional</u>
5/8	\$ 1.30	\$ 5.25
3/4	7.85	12.00
1	14.15	19.75
1 1/2	27.65	42.75
2	50.75	82.25
3	86.75	140.75
4	159.75	267.75
6	230.75	433.25

Commodity charges are \$4.00/1,000 gallons for non-institutional, 4.30/1,000 gallons for institutional
Source: City of Big Rapids

CITY OF BIG RAPIDS
CONTINUING DISCLOSURE

F. Historical Net Earnings and Cash Flow - Water Supply System Fund

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Operating revenue	\$ 1,690,965	\$ 1,691,933	\$ 1,936,558	\$ 1,817,214	\$ 1,742,675
Operating expense	<u>1,719,057</u>	<u>1,479,193</u>	<u>1,553,434</u>	<u>1,340,055</u>	<u>1,268,087</u>
Operating income	(28,092)	212,740	383,124	477,159	474,588
Interest revenue	37,476	36,622	8,391	36,700	(3,254)
Interest expense	<u>(115,532)</u>	<u>(197,574)</u>	<u>(172,408)</u>	<u>(178,406)</u>	<u>(186,379)</u>
Net income	(106,148)	51,788	219,107	335,453	284,955
Plus : Depreciation expense	372,832	373,831	396,134	334,489	329,346
Plus: Interest expense	<u>115,532</u>	<u>197,574</u>	<u>172,408</u>	<u>178,406</u>	<u>186,379</u>
Net revenue	<u>\$ 382,216</u>	<u>\$ 623,193</u>	<u>\$ 787,649</u>	<u>\$ 848,348</u>	<u>\$ 800,680</u>
Maximum annual debt service requirements	<u>\$ 321,022</u>	<u>\$ 382,773</u>	<u>\$ 344,987</u>	<u>\$ 344,988</u>	<u>\$ 336,379</u>
Coverage ratio	1.19%	1.63%	2.28%	2.46%	2.38%

Source: City of Big Rapids audited financial statements

G. Water Usage and Revenue - Ten Largest Customers

<u>Customer</u>	<u>Usage (1,000) Gallons</u>		<u>Revenues</u>	
	<u>Usage</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>
Ferris State University	127,384.00	33.21%	\$ 581,663	35.33%
Haworth	12,673.00	3.30%	49,015	2.98%
Mecosta County Medical Center	15,592.00	4.06%	71,300	4.33%
Big Rapids Housing Commission	11,183.00	2.92%	53,998	3.28%
Hillcrest/Oakwood	3,741.00	0.98%	19,884	1.21%
Altercare	4,617.00	1.20%	19,579	1.19%
Big Rapids Schools	6,033.00	1.57%	28,742	1.75%
Jennings Mobile Home	5,229.00	1.36%	21,273	1.29%
Campus Village	3,213.00	0.84%	14,627	0.89%
Metron	<u>4,394.00</u>	<u>1.15%</u>	<u>17,034</u>	<u>1.03%</u>
Total	<u>194,059.00</u>	<u>50.59%</u>	<u>\$ 877,115</u>	<u>53.27%</u>

*Based on 2007 calendar year usage of 383,620 gallons and revenues of \$1,646,504

Source: City of Big Rapids

H. Major Water Customers within the City - Five Year History

<u>Fiscal year</u>	<u>Ferris State University</u>	<u>Mecosta County General Hospital</u>	<u>Big Rapids Housing Commission</u>	<u>Haworth</u>	<u>Hillcrest/Oakwood</u>
2002	126,924	3,786	11,058	10,343	6,704
2003	130,528	7,978	10,811	10,671	6,710
2004	115,214	12,718	12,417	9,474	6,249
2005	131,205	14,973	11,737	12,190	6,249
2006	134,338	14,541	11,419	15,231	9,657
2007	127,384	15,592	11,183	12,673	3,741

*Based on usage in millions of gallons

*Low usage is reported for Mecosta County General Hospital for the 2002 and 2003 years as a result of meter malfunction

Source: City of Big Rapids

A SINGLE AUDIT WAS NOT REQUIRED FOR THE CURRENT YEAR.